

**From:** Keppel, Mel J. EOP/USTR melissa\_j\_keppel1@ustr.eop.gov

**Subject:** USTR Response to FOIA FY18-26 - Part 1

**Date:** November 13, 2018 at 5:16 PM

**To:** American Oversight FOIA foia@americanoversight.org

**Cc:** Ricker, Monique T. EOP/USTR Monique\_T\_Ricker@ustr.eop.gov, Fissel, Karah J. EOP/USTR Karah.J.Fissel@ustr.eop.gov



Ms. Creighton,

This email is the first of two that comprise the final response of the Office of the United States Trade Representative (USTR) to Freedom of Information Act (FOIA) No. FY18-26 you submitted on November 1, 2017 and perfected on November 13, 2017. You requested any talking points prepared for Ambassador Lighthizer, Stephen Vaughn, John Melle, or Jamieson Greer in connection with any calls or meetings relating to NAFTA that include anyone outside the federal Executive Branch (including but not limited to members of Congress, state or foreign governments, or private sector individuals or entities).

After an automated search using our e-Discovery system, we located 261 pages of responsive documents. With this response, we are releasing in part 178 pages of records. Portions of these pages are withheld under FOIA exemptions (b)(1), (b)(3), (b)(5) and (b)(6). In addition, we are withholding 83 pages in full pursuant to exemption (b)(5) with 29 of those pages also being withheld pursuant to exemption (b)(1). The information withheld under (b)(5) includes information that was not shared with anyone outside of the executive branch, for example certain attachments to talking points, background information in the talking points, and points that were not raised during meetings. The information withheld under (b)(1) includes references to the draft NAFTA text and other properly classified NAFTA-related information covered by the confidentiality agreement between the governments of United States, Canada and Mexico. As you know, this [confidentiality agreement](#) is available on the USTR website. The information withheld under (b)(3) includes cleared advisor comments on NAFTA proposals and draft negotiating text. Finally we applied (b)(6) to protect personal information such as personal phone numbers and non-USTR contact information that is not readily available to the public.

This constitutes a complete response to your request. You may contact me or my colleague Monique Ricker at FOIA@ustr.eop.gov or 202-395-3419 for further assistance and to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

If you are not satisfied with the response to this request, you may also administratively appeal by writing to: FOIA Office, ATTN: Janice Kaye, Office of the US Trade Representative, Anacostia Naval Annex, Bldg. 410/Door 123, 250 Murray Lane, S.W., Washington, D.C. 20509.

Your appeal must be postmarked or electronically transmitted within 90 days of the date of the response to your request. Both the letter and the envelope should be clearly marked: "Freedom of Information Act Appeal" and should include a reference to the

marked. Freedom of Information Act appeal and should include a reference to the FOIA Case File number listed above. Heightened security in force may delay mail delivery; therefore we suggest that you also email any such appeal to [foia@ustr.eop.gov](mailto:foia@ustr.eop.gov).

In the event you are dissatisfied with the results of any such appeal, judicial review will thereafter be available to you in the United States District Court for the judicial district in which you reside or have your principal place of business, or in the District of Columbia, where we searched for the records you requested.

Thank you.

Melissa Keppel  
FOIA Program Manager/Attorney  
[m.keppel@ustr.eop.gov](mailto:m.keppel@ustr.eop.gov)

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON DC 20508

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**From:** American Oversight FOIA <[foia@americanoversight.org](mailto:foia@americanoversight.org)>  
**Sent:** Monday, November 13, 2017 5:22 PM  
**To:** Ricker, Monique T. EOP/USTR <[Monique\\_T\\_Ricker@ustr.eop.gov](mailto:Monique_T_Ricker@ustr.eop.gov)>  
**Subject:** [EXTERNAL] Re: FOIA Request: USTR-17-0446

Ms. Ricker,

I can provide the following clarification with respect to request FY18-26:

We would like any talking points prepared for Ambassador Lighthizer, Stephen Vaughn, John Melle, or Jamieson Greer in connection with any calls or meetings relating to NAFTA that include anyone outside the federal Executive Branch (including but not limited to members of Congress, state or foreign governments, or private sector individuals or entities).

We do not want to narrow our request to certain topics related to NAFTA; rather, any talking points relating in any way to NAFTA would be responsive to our request.

Thank you,

Sara Creighton  
Counsel  
American Oversight  
[foia@americanoversight.org](mailto:foia@americanoversight.org) | 202-869-5245  
>[www.americanoversight.org](http://www.americanoversight.org)< | @weareoversight



On Nov 6, 2017, at 3:58 PM, Ricker, Monique T. EOP/USTR  
<[Monique\\_T\\_Ricker@ustr.eop.gov](mailto:Monique_T_Ricker@ustr.eop.gov)> wrote:

Ms. Creighton,

The Office of the United States Trade Representative (USTR) received your Freedom of Information Act (FOIA) request dated November 1, 2017 and assigned it tracking number FY18-26. Please cite this number in any future communications with our office regarding your request.

We are unable to begin processing your request at this time because we cannot determine precisely which records you are seeking. If you are still interested, we will need you to provide us with more specific information to describe the records sought so that they can be located with a reasonable amount of effort (15 CFR 2004.3(b)), e.g.,

1. which USTR official(s) prepared the talking points;
2. for what audience and/or event;
3. when were the talking points prepared; and
4. about which chapters of or topics related to NAFTA.

We cannot proceed further with your request until we receive additional written clarification from you. If we do not hear from you within 30 calendar days from the date of this email, we will assume that you are no longer interested in pursuing your request, and we will close our files on the request.

Please keep in mind that final talking points are likely publicly available (><https://ustr.gov/about-us/policy-offices/press-office/press-releases><) or potentially exempt from mandatory disclosure pursuant to the confidentiality agreement executed by the United States, Canada and Mexico (see><https://ustr.gov/sites/default/files/files/agreements/nafta/NAFTA%20Confidentiality%20Agreement.pdf><). Draft talking points are typically pre-decisional and deliberative documents that are protected from release by Exemption 5. As a result, the process of USTR conducting a search for documents that are potentially responsive to this overly broad request, and conducting a review of the potentially responsive documents to determine which materials are responsive and exempt from mandatory disclosure (and, in the case of the exempt materials, conducting a further review to determine which materials are appropriate for discretionary release), and coordinating and consulting with other affected offices (outside of USTR) that have a potential interest in such documents, will likely be very time-consuming and overly burdensome.

If you have any questions or would like help refining your search, please contact me or my colleague Melissa Keppel at [FOIA@ustr.eop.gov](mailto:FOIA@ustr.eop.gov) or 202-395-3419.

Thank you,  
Monique

Monique T. Ricker  
FOIA Program Manager/Attorney

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON DC 20508

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**From:** American Oversight FOIA [<mailto:foia@americanoversight.org>]  
**Sent:** Wednesday, November 1, 2017 10:26 AM  
**To:** FN-USTR-FOIA <[FN-USTR-FOIA@ustr.eop.gov](mailto:FN-USTR-FOIA@ustr.eop.gov)>  
**Subject:** [EXTERNAL] Fwd: FOIA Request: USTR-17-0446

Dear FOIA Officer,

With apologies, I have just remembered that USTR does not open FOIA requests sent as attachments to emails. Please find the text of this request pasted below.

Sincerely,

Sara Creighton  
Counsel  
American Oversight  
[foia@americanoversight.org](mailto:foia@americanoversight.org) | 202-869-5245  
[www.americanoversight.org](http://www.americanoversight.org) | @weareoversight

October 31,  
2017

**VIA ELECTRONIC MAIL**

USTR FOIA Office, GSD/RDF  
Attn: Chief FOIA Officer Janice Kaye  
Office of the U.S. Trade Representative  
Anacostia Naval Annex, Building 410/Door 123,  
250 Murray Lane SW  
Washington, DC 20509  
[FOIA@ustr.eop.gov](mailto:FOIA@ustr.eop.gov)

**Re: Freedom of Information Act Request**

Dear Ms. Kaye:

Pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the implementing regulations of the Office of the U.S. Trade Representative (USTR), 15 C.F.R. Part 2004, American Oversight makes the following request for records.

From the very beginning of his presidential campaign, Donald Trump made his disdain for NAFTA clear, pledging to “immediately renegotiate” the deal or even withdraw from it if necessary. Since taking office, President Trump has wavered on the proper approach, ultimately deciding to attempt to renegotiate the agreement before terminating it. Media reports suggest that those efforts to renegotiate have been less than smooth, with the U.S. making borderline unreasonable demands with little chances of success.

American Oversight is seeking information to shed light on the Trump administration’s approach to renegotiating NAFTA.

### **Requested Records**

American Oversight requests that USTR produce the following within twenty business days:

Any talking points prepared by USTR related to NAFTA.

Please provide all responsive records from January 20, 2017, to the date the search is conducted.

In addition to the records requested above, American Oversight also requests records describing the processing of this request, including records sufficient to identify search terms used and locations and custodians searched and any tracking sheets used to track the processing of this request. If USTR uses FOIA questionnaires or certifications completed by individual custodians or components to determine whether they possess responsive materials or to describe how they conducted searches, we also request any such records prepared in connection with the processing of this request.

American Oversight seeks all responsive records regardless of format, medium, or physical characteristics. In conducting your search, please understand the terms “record,” “document,” and “information” in their broadest sense, to include any written, typed, recorded, graphic, printed, or audio material of any kind. We seek records of any kind, including electronic records, audiotapes, videotapes, and photographs, as well as letters, emails, facsimiles, telephone messages, voice mail messages and transcripts, notes, or minutes of any meetings, telephone conversations or discussions. Our request includes any attachments to these records. **No category of material should be omitted from search, collection, and production.**

Please search all records regarding agency business. **You may not exclude searches of files or emails in the personal custody of your officials, such as personal email accounts.** Records of official business conducted using unofficial systems or stored outside of official files is subject to the Federal Records Act and FOIA. **It is not adequate to rely on policies and procedures that require officials to move such information to official systems within a certain period of time.** American Oversight has a right to records

certain period of time; American Oversight has a right to records contained in those files even if material has not yet been moved to official systems or if officials have, through negligence or willfulness, failed to meet their obligations.

In addition, please note that in conducting a “reasonable search” as required by law, you must employ the most up-to-date technologies and tools available, in addition to searches by individual custodians likely to have responsive information. Recent technology may have rendered USTR’s prior FOIA practices unreasonable. **In light of the government-wide requirements to manage information electronically by the end of 2016, it is no longer reasonable to rely exclusively on custodian-driven searches. Furthermore, agencies that have adopted the National Archives and Records Agency (NARA) Capstone program, or similar policies, now maintain emails in a form that is reasonably likely to be more complete than individual custodians’ files.** For example, a custodian may have deleted a responsive email from his or her email program, but USTR’s archiving tools would capture that email under Capstone. Accordingly, American Oversight insists that USTR use the most up-to-date technologies to search for responsive information and take steps to ensure that the most complete repositories of information are searched. American Oversight is available to work with you to craft appropriate search terms. **However, custodian searches are still required; agencies may not have direct access to files stored in .PST files, outside of network drives, in paper format, or in personal email accounts.**

Under the FOIA Improvement Act of 2016, agencies must adopt a presumption of disclosure, withholding information “only if . . . disclosure would harm an interest protected by an exemption” or “disclosure is prohibited by law.” If it is your position that any portion of the requested records is exempt from disclosure, American Oversight requests that you provide an index of those documents as required under *Vaughn v. Rosen*, 484 F.2d 820 (D.C. Cir. 1973), *cert. denied*, 415 U.S. 977 (1974). As you are aware, a *Vaughn* index must describe each document claimed as exempt with sufficient specificity “to permit a reasoned judgment as to whether the material is actually exempt under FOIA.” Moreover, the *Vaughn* index “must describe *each* document or portion thereof withheld, and for *each* withholding it must discuss the consequences of disclosing the sought-after information.” Further, “the withholding agency must supply ‘a relatively detailed justification, specifically identifying the reasons why a particular exemption is relevant and correlating those claims with the particular part of a withheld document to which they apply.’”

In the event some portions of the requested records are properly exempt from disclosure, please disclose any reasonably segregable non-exempt portions of the requested records. If it is your position that a document contains non-exempt segments, but that those non-exempt segments are so dispersed throughout the document as to make segregation impossible, please state what portion of the document is non-exempt, and how the material is dispersed throughout the document. Claims of nonsegregability must be made with the

same degree of detail as required for claims of exemptions in a *Vaughn* index. If a request is denied in whole, please state specifically that it is not reasonable to segregate portions of the record for release.

**You should institute a preservation hold on information responsive to this request.** American Oversight intends to pursue all legal avenues to enforce its right of access under FOIA, including litigation if necessary. Accordingly, USTR is on notice that litigation is reasonably foreseeable.

To ensure that this request is properly construed, that searches are conducted in an adequate but efficient manner, and that extraneous costs are not incurred, American Oversight welcomes an opportunity to discuss its request with you before you undertake your search or incur search or duplication costs. By working together at the outset, American Oversight and USTR can decrease the likelihood of costly and time-consuming litigation in the future.

Where possible, please provide responsive material in electronic format by email or in PDF or TIF format on a USB drive. Please send any responsive material being sent by mail to American Oversight, 1030 15<sup>th</sup> Street NW, Suite B255, Washington, DC 20005. If it will accelerate release of responsive records to American Oversight, please also provide responsive material on a rolling basis.

### **Fee Waiver Request**

In accordance with 5 U.S.C. § 552(a)(4)(A)(iii) and 15 C.F.R. § 2004.9(h), American Oversight requests a waiver of fees associated with processing this request for records. The subject of this request concerns the operations of the federal government, and the disclosures will likely contribute to public understanding of those operations. Moreover, the request is primarily and fundamentally for non-commercial purposes.

American Oversight requests a waiver of fees because disclosure of the requested information is in the public interest because it is likely to contribute significantly to public understanding of government operations. The disclosure of the information sought under this request will document and reveal the operations of the federal government, including how officials conduct the public's business.

The renegotiation of NAFTA (or even withdrawal from it) would dramatically alter the functioning of large swaths of the U.S. economy. There can be no doubt that the Trump administration's potential renegotiation of one of our largest trade agreements is an "operation or activity" of the federal government. The requested records would shed significant light on how the Trump administration is approaching its obligation to oversee our most important trade relationship, including how the administration is seeking to portray its efforts to the public. Transparency into such an important undertaking is crucial to

ensuring the public's understanding of how the government is conducting the people's business.

This request is primarily and fundamentally for non-commercial purposes. As a 501(c)(3) nonprofit, American Oversight does not have a commercial purpose and the release of the information requested is not in American Oversight's financial interest. American Oversight's mission is to promote transparency in government, to educate the public about government activities, and to ensure the accountability of government officials. American Oversight uses the information gathered, and its analysis of it, to educate the public through reports, press releases, or other media. American Oversight also makes materials it gathers available on its public website and promotes their availability on social media platforms, such as Facebook and Twitter. American Oversight has demonstrated its commitment to the public disclosure of documents and creation of editorial content. For example, after receiving records regarding an ethics waiver received by a senior DOJ attorney, American Oversight promptly posted the records to its website and published an analysis of what the records reflected about DOJ's process for ethics waivers. As another example, American Oversight has a project called "Audit the Wall," where the organization is gathering and analyzing information and commenting on public releases of information related to the administration's proposed construction of a barrier along the U.S.-Mexico border.

Accordingly, American Oversight qualifies for a fee waiver.

### **Conclusion**

We share a common mission to promote transparency in government. American Oversight looks forward to working with USTR on this request. If you do not understand any part of this request, have any questions, or foresee any problems in fully releasing the requested records, please contact Sara Creighton at [foia@americanoversight.org](mailto:foia@americanoversight.org) or (202) 869-5246. Also, if American Oversight's request for a fee waiver is not granted in full, please contact us immediately upon making such a determination.



FY18\_026 PT 1  
Redacted.pdf





## **Talking Points for Ambassador Lighthizer**

### **Trilateral Address to Negotiators**

**August 16, 2017, 8:45 am**

- First, I would like to welcome formally both Secretary Guajardo and Minister Freeland here to Washington, D.C. The three of us have already developed a strong relationship, and we will be seeing a lot of each other in coming months. I look forward to working together in these critical negotiations.
- And, to everyone in front of us, thank you all very much for being here and the hard work you have already done to get us to get us to Round 1. I certainly appreciate the work of my team at USTR, and our colleagues from across the U.S. government.
- I also appreciate the work of our Canadian and Mexican counterparts. Thank you for your commitment to coming to Washington, D.C. in the middle of August, when we don't typically enjoy our finest weather of the year.
- We have tremendous ambition for this negotiation. This ambition is reflected by the fact that we are convening here for a full round of discussions on the first day after the United States' required 90-day waiting period.
- I don't think we have ever launched a major negotiation with so much intense preparation and on such an accelerated timeline.
- These negotiations are critical to all three nations—Canada, Mexico, and the United States, and it is important that we get this right.
- I know of no better group of countries to accomplish what is set before us. Canada, Mexico and the United States are capable of sitting down together to craft an agreement that reflects today's modern economy, and works better for all three countries.
- In closing, I would like to again thank all of you for your hard work, and your commitment to a renewed NAFTA. I will now turn it over to Secretary Guajardo. Secretary...

## BILATERAL MEETING: MEXICAN FOREIGN MINISTER ILDEFONSO GUAJARDO

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** JOHN MELLE  
**DATE:** AUGUST 14, 2017

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### EXECUTIVE SUMMARY

(b)(1), (b)(5)

[REDACTED]

### DETAILS

**Date** August 16, 2017  
**Time** 11:30 AM  
**Location** 203 Winder  
**Logistics** None

### ATTENDEES

Ambassador Lighthizer	Foreign Minister Ildefonso Guajardo
Jamieson Greer, Chief of Staff	Ken Smith, Chief Negotiator
Stephen Vaughn, General Counsel	
Payne Griffin, Deputy Chief of Staff	
John Melle, Chief Negotiator	
Maria Pagan, Deputy General Counsel	

### BACKGROUND / AREAS OF INTEREST

(b)(1), (b)(5)

[REDACTED]

Drafted by: DWatson  
Cleared by: SPietan, VMroczka, CKopitopoulos, LMandell, EKendall  
OGC approval:  
FO approval:

**BILATERAL MEETING: CANADIAN FOREIGN MINISTER CHRYSTIA FREELAND**

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** JOHN MELLE  
**DATE:** SEPTEMBER 4, 2017

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**EXECUTIVE SUMMARY**

(b)(1), (b)(5)

[REDACTED]

[REDACTED]

[REDACTED]

**DETAILS**

**Date** September 5, 2017  
**Time** 12:30 PM  
**Location** Economia Offices, Torre Reforma Latino; 27<sup>th</sup> Floor

**ATTENDEES**

Ambassador Lighthizer	Minister Chrystia Freeland
Stephen Vaughn, General Counsel	Jeremy Broadhurst, Chief of Staff
Payne Griffin, Deputy Chief of Staff	Tim Sargent, Det. Minister, International Trade
John Melle, Chief Negotiator	Steve Verheul, Chief Negotiator
Daniel Watson, Dept. Chief Negotiator	Brian Clow, Head of Canada-US Relations

**BACKGROUND / AREAS OF INTEREST**

(b)(1), (b)(5)

[REDACTED]

[REDACTED]

[REDACTED]

:

**MEETING: JACK GERARD, PRESIDENT & CEO,  
AMERICAN PETROLEUM INSTITUTE**

**TO:** CHIEF OF STAFF JAMIESON GREER  
**FROM:** JIM SANFORD, AUSTR FOR INDUSTRY  
DANIEL BAHAR, AUSTR FOR SERVICES & INVESTMENT  
**DATE:** SEPTEMBER 4, 2017

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**EXECUTIVE SUMMARY**

American Petroleum Institute (API) President and CEO Jack Gerard requested this meeting to

(b)(1) (b)(5)

API represents 625 firms involved in all aspects of the oil and natural gas industry, including large integrated companies as well as exploration, production, refining, marketing, pipeline, marine, service, and supply firms. (b)(1) (b)(5)

**DETAILS**

**Date** September 5, 2017  
**Time** 12:30 PM  
**Location** Winder 203  
**Logistics** None

**ATTENDEES**

**USTR**

Lauren Mandell, DAUSTR for Investment

**API**

Jack Gerard, President & CEO  
Aaron Padilla, Senior Policy Advisor  
Brian Johnson

**BACKGROUND / AREAS OF INTEREST**

- (b)(1) (b)(5)

Drafted by: B. Trick, L. Mandell



(b)(1) (b)(5)

• (b)(1) (b)(5)

- While the United States is a net importer of crude oil from both Canada and Mexico (which both produce well in excess of their domestic demand), the United States runs surpluses with Mexico in natural gas and refined products. Trade in refined product with Canada is essentially balanced, with a small U.S. surplus in 2016, according to API data, while we run a deficit with Canada in natural gas, though this has been declining as U.S. gas prices have become more competitive (the U.S. produces approximately 90 percent of the natural gas it uses and imports the rest from Canada). There are also extensive cross-border electricity flows with both countries. Electricity trade with Mexico is balanced. Due to Canada's significant generation of hydroelectric power around the Great Lakes, there is a large deficit with Canada in electricity; however, there are significant regional variations, with certain provinces dependent on U.S.-generated electricity.

#### BIOGRAPHICAL INFORMATION



**Jack N. Gerard**  
*President & CEO*  
American Petroleum Institute

- Jack N. Gerard is president and CEO of the American Petroleum Institute, the national trade association that represents all aspects of America's oil and natural gas industry.
- Mr. Gerard has led API since November 2008, expanding its membership and influence in all 50 states and globally, with offices in Dubai, Singapore, Beijing, and Rio de Janeiro.
- Prior to joining API, Mr. Gerard served as president and CEO of the American Chemistry Council, and earlier held the same position at the National Mining Association. Mr. Gerard also spent close to a decade working in the U.S. Senate and

[APG]



## BIOGRAPHICAL INFORMATION

House. He came to Washington in 1981, and worked for Rep. George Hansen. He also worked for Sen. James A. McClure, who chaired the U.S. Senate Energy and Natural Resources Committee. Sen. McClure retired in 1990, and Mr. Gerard joined him in founding McClure, Gerard & Neuenschwander, Inc., a Washington, D.C.-based government relations consulting firm. Mr. Gerard served as chairman and chief executive officer and focused on issues such as international sports, telecommunications, energy and mining. He serves on the Advisory Board and is a past chairman of the National Capital Area Council - Boy Scouts of America, is a board member and former co-chair of The George Washington University's Graduate School of Political Management, and is chairman of the board of directors for the Congressional Coalition on Adoption Institute.

- Mr. Gerard was born and grew up in Idaho. He holds a bachelor's degree in political science and a juris doctor from George Washington University. Mr. Gerard lives in Virginia with his wife, Claudette. They have eight children, including twin boys the family adopted from Guatemala.

## ATTACHMENTS

- API Graphic: North America Energy, 2017 Data
- API Graphic: Energy Benefits of NAFTA

[APG]

## TALKING POINTS

- Ensuring a secure supply of affordable energy and increasing our energy independence is a key Administration goal – this is also important for regaining our manufacturing strength.

### NAFTA Renegotiation Investment Provisions

- I appreciate your interest in maintaining strong investment rules and ISDS in the NAFTA. I know Ambassador Lighthizer has benefited from meeting with you and hearing how your member companies have relied on the provisions in NAFTA Chapter 11.
- No decision has been made at this point on ISDS in the NAFTA, but as you know, Amb. Lighthizer has concerns about ISDS. Specifically, he is concerned that ISDS may threaten U.S. sovereignty and is not necessary to attract investment in the United States given the high standards in our domestic legal system.
- We hope to make a decision on ISDS in the next few weeks, before the third round of NAFTA negotiations in late September. Right now, we're continuing to explore with Congress the balance between protecting U.S. investors abroad and protecting U.S. sovereignty.

*If Raised:* (b) (5)

[REDACTED]

[REDACTED]

[APG]

(b) (5)



###

[APG]

April 6, 2017

**MEMORANDUM FOR MEETING WITH MATT BLUNT/AMERICAN AUTOMOTIVE  
POLICY COUNCIL (AAPC)**

**TO:** Tim Reif  
**FROM:** John Melle

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You will meet with representatives from American Automotive Policy Council (AAPC) in your office on April 6 at 10:30 am. AAPC represents the policy interests of Ford, General Motors, and Fiat Chrysler Automobiles.

**ATTENDEES**

**USTR**

You  
John Melle  
Daniel Watson  
Jason Bernstein  
Fred Fischer

**AAPC**

Matt Blunt  
Charles Uthus

**USTR OBJECTIVES**

Receive an update on AAPC's current thinking regarding objectives for renegotiation of the NAFTA and encourage them to think creatively and constructively about ways of addressing Administration priorities for the manufacturing sector.

**TALKING POINTS**

- Hope to have a confirmed USTR soon. Once Ambassador Lighthizer is on board, we will be working closely with the Congress to finalize negotiating objectives for the NAFTA.
- Interested in understanding industry's ideas on modernizing NAFTA.
- As you know, the Administration is focused on changes to trade policy that reduce bilateral trade deficits and promote growth and employment in the United States, particularly in the manufacturing sector.
- We welcome your thoughts on how to achieve those goals and encourage you to be creative and proactive in how we respond to current challenges.
- Rules of origin are also an Administration priority. Encourage you to proactively engage in developing tighter rules that would work for the industry.
- We will be consulting closely with all stakeholders as we move forward.

**BACKGROUND**

AAPC considers its North American supply chains and an integrated North American market to be critical to maintaining the competitiveness of the U.S. auto industry vis-à-vis Asian and



European producers and it remains concerned that the Administration could adopt policies in the NAFTA negotiation that would disrupt current sourcing practices and ultimately undermine U.S. manufacturing. In previous engagement with USTR, AAPC has stressed the need to “do no harm” in renegotiating the NAFTA, but has also acknowledged that NAFTA is an old agreement that could usefully be modernized.

In its most recent policy statement on how to improve the NAFTA, AAPC reiterates its longstanding request to include enforceable provisions on currency manipulation, as well as more traditional trade provisions, such as recognition of U.S. automotive safety standards and streamlining of customs procedures. It also expresses support for updating labor and environment provisions and the elimination of ISDS in agreements with OECD countries -

(b)(5)

In addition, it has highlighted the need for improving border infrastructure, although it is unclear whether it intends this to be part of the NAFTA. (b)(5)

### Rules of Origin

AAPC has not identified rules of origin as an area that it would like altered in any NAFTA renegotiation and has indicated that its member companies prefer to wait until they see what the Administration puts forward. However, it has questioned the rationale behind changing the rules of origin, saying that it thinks the automotive rules of origin are already the strongest of any FTA and that different rules would do little to change supply chains or auto deficit figures.

(b)(5)

### Detroit 3 Mexican Production and Trade

- Since 1994, the Detroit 3 have increased vehicle production in Mexico by 140.1 percent, from a combined 646,883 vehicles in 1994 to 1,553,148 vehicles in 2016.
- Mexico exports approximately 75 percent of its auto production to the United States and about 10 percent to Canada.
- In 2016, GM produced 703,454 vehicles in Mexico, of which 73.6 percent were pickup trucks and 26.4 percent were cars.
- In 2016, Ford produced 390,528 vehicles in Mexico, of which 100 percent were passenger cars.
- In 2016, FCA produced 459,166 vehicles in Mexico, of which 97.3 percent were light and medium duty trucks.

April 14, 2017

**MEMORANDUM FOR MEETING WITH GOOGLE REPRESENTATIVES**

**TO: STEPHEN VAUGHN, Acting USTR**  
**FROM: DANIEL BAHAR, AUSTR for Services and Investment**  
**PROBIR MEHTA, AUSTR for Intellectual Property and Innovation**

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You will meet with Google representatives to discuss Google's priorities for the NAFTA renegotiation on Monday, April 17, at 10 AM in Room 203.

**ATTENDEES**

**USTR**

YOU

Payne Griffin

Daniel Bahar

Daniel Lee

Jonathan McHale

Christine Peterson

**Google**

David Weller, Head of Global Trade Policy

Nicholas Bramble, Deputy Head of Global Trade Policy

Lee Dunn, Head of White House Outreach

**USTR OBJECTIVES**

- Hear Google's views on priorities for a renegotiated NAFTA.

**TALKING POINTS**

- As you saw in Ambassador-designate Lighthizer's confirmation hearing and in the focus on digital trade issues in the NTE, we are well aware of the interest in and importance of digital trade issues. We will seek to use trade agreements to further U.S. interests in this area.
- While specific issues such as cross-border data flows and strong IPR protections will clearly be on our agenda going forward, we have yet to formulate any detailed goals in either these areas, or other areas relevant to digital trade.
- We are happy to hear your views on Google's priorities going forward.
  - (b)(5) [REDACTED]

**BACKGROUND**

Google was deeply engaged in the digital trade aspects of the TPP and TiSA negotiations and was a strong supporter of what was achieved in TPP and was being negotiated in TiSA. (b)(5)

[REDACTED]

[REDACTED]



(b)(5)

(b)(5)

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Note: (b) (5)

(b)(5)

- [REDACTED]

Note: (b) (5)

[REDACTED]

(b)(5)

[REDACTED]

(b) (5)

[REDACTED]

**Attachments**

Internet Association paper, Updating NAFTA

**MEMORANDUM: MEETING WITH THE AMERICAN APPAREL AND FOOTWEAR ASSOCIATION**  
**TO: STEPHEN VAUGHN**  
**FROM: BILL JACKSON**

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#### DETAILS

**Date** Thursday, April 27, 2017  
**Time** 3:30 PM  
**Location** Room 203

#### ATTENDEES

<u>USTR</u>	<u>AAFA</u>
Stephen Vaughn	Paula Zusi, Chairman (Advent International Corp.)
Payne Griffin, Deputy Chief of Staff	Thomas Glaser, Vice Chairman (VF Corp.)
Bill Jackson, AUSTR for Textiles	Rick Helfenbein, President & CEO
Ed Gresser, AUSTR for Trade Policy	Stephen Lamar, Executive Vice President
Elizabeth Branson, DAUSTR for Textiles	Nate Herman, Senior Vice President, Supply Chain

#### BACKGROUND

AAFA is the largest trade association representing apparel and footwear companies, with 350 members – including industry heavyweights such as VF Corp, Gap, Levi Strauss, Target, Hanes, and Under Armour – representing some 1,000 brands and approximately 75 percent (\$380 billion) of U.S. sales of apparel and footwear. (b)(5)

AAFA is interested in a wide range of trade issues, including IPR, investment, e-commerce, and labor rights.

AAFA has indicated that it is interested in sharing its views and learning more about the Administration's position on (1) NAFTA renegotiation; (2) plans for reviewing existing or launching new FTAs; and (3) tax policies, especially the proposed Border Adjustment Tax (BAT). They will also likely ask about the GSP review of travel goods. The AAFA delegation will also be meeting with Senator Cornyn (R-TX) and Rep. Neal (D-MA) as well as staff of the Senate Finance and House Ways and Means Committees. AAFA has co-signed letters to Congress by the American Association of Exporters and Importers and the National Association of Manufacturers urging rapid confirmation of Amb. Lighthizer.

#### AREAS OF INTEREST

NAFTA: AAFA strongly supports NAFTA and (b)(5)

[APG]

(b)(5)

Other FTAs: AAFA was disappointed by the decision to pull out of TPP (b)(5)

(b)(5)

(b)(5)

(b)(5)

## TALKING POINTS

We have informed AAFA that you will be primarily in a listening mode for this meeting given that the nominee for USTR is not yet in place and that the Administration is still in the process of developing its approach to the issues described above.

## BIOGRAPHICAL INFORMATION



**Paula Zusi**  
**Chair, AAFA**

Paula Zusi is the Global Operations Advisor - Retail Supply Chain for Advent International, a global private equity firm with \$30 billion under management. In this capacity, she advises Advent's retail portfolio companies on supply chain operations. Prior to joining Advent, Ms. Zusi was the Executive Vice President and Chief Supply Chain Officer of Ann Inc., parent company of the Ann Taylor and Loft brands, a \$2.5 billion specialty retailer with over 1000 stores in North America. In this role, she had responsibility for the end-to-end supply chain, from product development through distribution. Previously, Ms. Zusi held a number of senior executive roles including Corporate Vice President of Sourcing and Manufacturing at Liz Claiborne, Inc., where she had sourcing oversight for more than 30 brands, including Juicy Couture, Lucky Brand Jeans and Kate Spade. Ms. Zusi holds a bachelor's degree from University of Delaware, and is an active Advisory Council member of the Department of Fashion and Apparel Studies.

[APG]

April 27, 2017

**MEMORANDUM FOR MEETING WITH NATIONAL MILK PRODUCERS  
FEDERATION AND INTERNATIONAL DAIRY FEDERATION**

**TO: ACTING USTR STEPHEN VAUGHN**  
**THROUGH: DEPUTY CHIEF OF STAFF PAYNE GRIFFIN**  
**FROM: AUSTR SHARON BOMER LAURITSEN**

---

You will be meeting with leadership and member representatives from the National Milk Producers Federation (NMPF) and staff of the International Dairy Foods Association (IDFA) and the National Associations of State Departments of Agriculture (NASDA) at 2:00 pm, May 2, in Rooms 1 and 2 of the Annex. The group is in Washington for meetings with government officials and members of Congress. The main purpose of their meeting with you is to discuss dairy market access to Canada and Mexico. They may also ask about the broader trade agenda or raise geographical indications and access to China.

(b)(5)



All three organizations signed an April 26, 2017, letter to the Senate supporting Ambassador Lighthizer's nomination.

**ATTENDEES**

Industry

Jim Mulhern, CEO, NMPF  
Michael Dykes, CEO, IDFA  
Barbara Glenn, CEO, NASDA  
Jaime Castenada, Senior Vice President, NMPF  
Shawna Morris, Vice President, NMPF  
Beth Hughes, Director, International Affairs, IDFA  
(full list of participants attached)

USTR

Sharon Bomer, AUSTR  
John Melle, AUSTR  
Probir Mehta (tentative), AUSTR  
Roger Wentzel, DAUSTR, Agriculture  
Leslie Yang, Director, Agriculture

**MEETING OBJECTIVES**



- Thank them for their support for Ambassador Lighthizer's confirmation.
- Provide overview of Administration's Trade Agenda, including NAFTA as appropriate.
- (b)(5)

## TALKING POINTS

- (b)(5)
- USTR will consult with your industry and Members of Congress consistent with Trade Promotion Authority on any NAFTA renegotiation.

## Canada

- Addressing your concerns with Class 7 is a top priority for the Administration, as highlighted by President Trump during his trip to Wisconsin on April 18.
- The Administration at very high levels continues to engage Canada.
- (b)(5)
- (b)(5) (b)(1)

## Geographical Indications (GIs)

- I know my team has been coordinating closely with you on GI issues across the world.
- We are working intensively to advance U.S. market access interests for U.S. exporters, including the dairy industry, and to ensure that the trade initiatives of other countries do not undercut our market access.
- One of our top concerns is the EU's efforts to conclude agreements that include overly broad provisions on geographical indications.
- As we ramp up our efforts in this Administration, we'll want to work closely with your team (b)(5).
- Our goals include:
  - (b)(5)

[APG]



- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

*As needed -- Canada*

- (b)(5) [REDACTED]

*As needed – Mexico*

- (b)(5) [REDACTED]

**China**

- (b)(5) [REDACTED]

[REDACTED]

[REDACTED]

**BACKGROUND**

**Industry Information**

The U.S. dairy industry has traditionally been an import-sensitive sector but has become more export oriented over the last 15 years. During that period, U.S. dairy product exports have more than quadrupled, reaching \$4.7 billion in 2016.

The International Dairy Foods Association (IDFA) represents the nation's dairy manufacturing and marketing industries and their suppliers, with a membership of 550 companies. IDFA is composed of three constituent organizations: the Milk Industry Foundation, the National Cheese Institute, and the International Ice Cream Association. IDFA's 200 dairy processing companies represent more than 85 percent of the milk, cultured products, cheese and frozen desserts produced and marketed in the United States.

The National Milk Producers Federation (NMPF) represents U.S. dairy cooperatives and the dairy farmers that own them, including with respect to dairy domestic support and supply management issues. NMPF is also closely allied with the U.S. Dairy Export Council (USDEC),

[APG]

and together they share the common goal of expanding U.S. dairy exports. These groups are deeply involved in issues relating to dairy trade.

## NAFTA

The U.S. dairy industry's largest export market is Mexico at \$1.3 billion. (b)(5)

The heads of NMPF and IDFA, Jim Mulhern and Michael Dykes, together with Tom Vilsack, President and CEO of the U.S. Dairy Export Council, traveled to Mexico in March 2017 to emphasize the importance of the Mexican market and their partnership with Mexican industry.

## Canada

Canada (\$632 million) was the second largest export markets for U.S. dairy products in 2016. Exports of milk protein substances to Canada, which are not included in these data, amounted to an additional \$102 million of export sales last year.

The three dairy industry associations and the National Association of State Departments of Agriculture (NASDA) wrote President Trump on April 13, 2017, raising concerns with Canada's domestic pricing policy change (Milk Class 7) adopted February 1, 2017. The letter makes specific requests (see Background), including that President Trump contact Prime Minister Trudeau to request that implementation of Class 7 be halted. The letter also requests that dairy market access into Canada be an early-stage priority in NAFTA renegotiation.

With the adoption of Class 7 on February 1, 2017, there was a 40 percent decrease in the value of U.S. sales of milk protein substances to Canada in February 2017, compared to January 2017. As of April 1, nearly all sales of UF milk to Canada have ceased. Representatives from the three dairy processors exporting ultra-filtered milk (UF milk) to Canada will participate in the meeting—Grassland in Wisconsin, and O-AT-KA and Cayuga in New York. In addition to lost UF milk sales to Canada, the U.S. dairy industry complains of increased skim milk powder

On the same day as President Trump's remarks in Wisconsin (April 18, 2017), NMPF issued a release, thanking the President and asserting Canada is violating its trade commitments. The U.S. dairy industry's April 13, 2017 letter to President Trump (Attachment) requests:

- The President contact Prime Minister Trudeau to request that Class 7 be halted and that U.S. UF milk exports be restored. (b)(5)
- The President "[di]rect U.S. agencies to examine the full range of tools that could be used immediately to impress upon Canada in a concrete way the importance of dependable two-way trade".

(b)(5)

[APG]

- The President make opening Canadian dairy market access and addressing non-tariff barriers an early-stage priority in NAFTA renegotiation.

(b)(5)

- Should these actions not produce results, the associations request a WTO case. (b)(5)

(BUSINESS SENSITIVE INFORMATION: (b) (4)

In addition (b) (4)

Speaker of the House Ryan wrote to you, Secretary Perdue and Secretary Ross on April 25, 2017, requesting a plan of action on Canada dairy. Other letters have been received from Wisconsin Governor Walker, New York Governor Cuomo, Senators Schumer, Baldwin, and Gillibrand. USTR and USDA staff briefed congressional staff on April 28, 2017.

### **Geographical Indications**

(b)(5)

. GIs typically include place names (or words associated with a place) and identify products as having a particular quality, reputation, or other characteristic essentially attributable to the geographic origin of the product. (b)(5)

[APG]

(b)(5)



(b)(5)



(b)(5)




(b)(5)



## China

Under Decree 145, China's Certification and Accreditation Administration (CNCA) maintains a list of registered overseas food processing facilities for export to China. The registration requirement currently extends to dairy products and infant formula, as well as seafood. The facility registration process has been extremely onerous and cumbersome for U.S. agricultural exporters. (b)(5)



[APG]

## Attachments

Drafted: LYang, DLee, JHurst, RWentzel

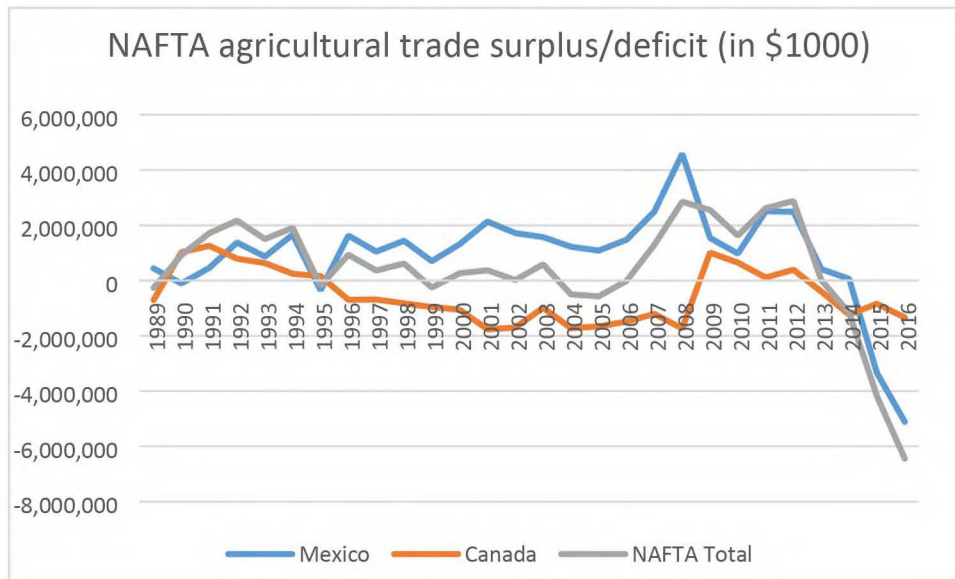
Cleared: JHowe, PMehta, MSmith, ABlunt, FJohnson, JMelle, PGriffin

[APG]



## The U.S. has generally held a positive agricultural trade surplus under NAFTA

- For most of the history of NAFTA, the United States held an agricultural surplus with Canada and Mexico (15 out of the 23 years since NAFTA has been signed).
- Since 1993, the total cumulative trade surplus for agriculture totals \$5.6 billion.
- The United States held an agricultural trade surplus with Mexico for every year up until 2014.

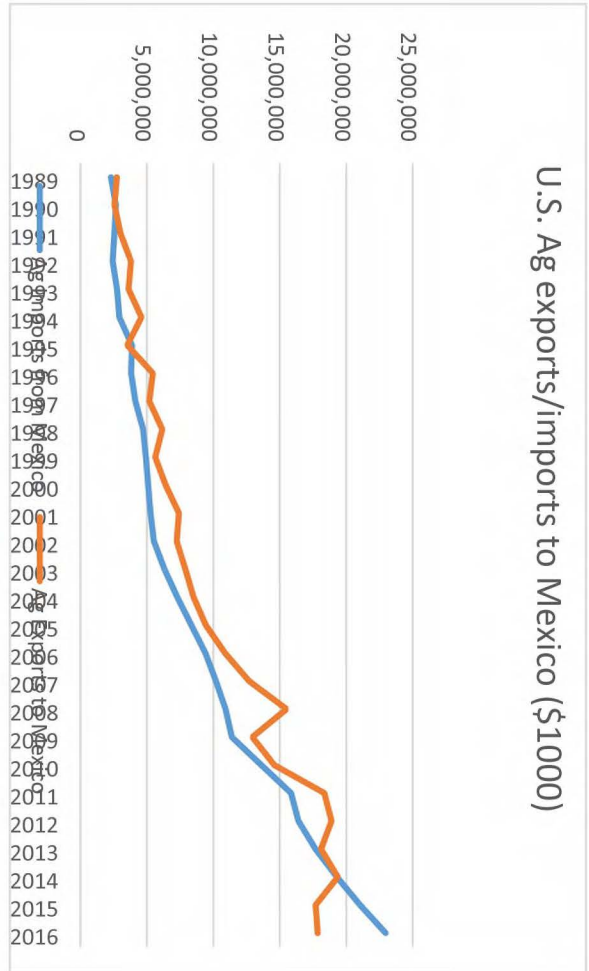




**The recent agricultural deficit is explained by a confluence of factors**

- The U.S. agricultural trade relationship with NAFTA partners only recently turned from a surplus to a deficit. This is chiefly explained by shifts in trading patterns with Mexico. Over the past few years, U.S. agricultural imports (+40%) from Mexico have grown at a far faster rate than U.S. agricultural exports (-6%) to Mexico.

- (b)(5) [REDACTED]  
[REDACTED]
  - [REDACTED]  
[REDACTED]  
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  - [REDACTED]  
[REDACTED]



(b)(5) [REDACTED]

[REDACTED]

[REDACTED]

(b)(5) [REDACTED]

[REDACTED]

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

(b)(5) [REDACTED]

[REDACTED]

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

(b)(5)

	Commodity	1990-1993 \$ Millions (avg)	2013-2016 \$ Millions (avg)	% Increase
<b>Mexico</b>				
	Soybean & Products	442	2,597	488%
	Corn	183	2,403	1211%
	Processed Foods	209	1,806	764%
	Poultry & Prods	137	1,018	643%
	Pork	193	969	403%
	Wheat	86	783	808%
	Beef	193	969	403%
	Fruits and Preparations	78	719	821%
	Non-Fat Dry Milk	40	611	1409%
	High Fructose Corn Syrup	7	363	5010%
	Rice	44	305	589%
	<b>Total</b>	<b>3,279</b>	<b>18,500</b>	<b>464%</b>
<b>Canada</b>				
	Processed Foods	901	6,331	603%
	Grains & Feeds	686	3,485	408%
	Oilseeds & Products	356	1,600	350%
	Beverages	139	1,724	1137%
	Beef	360	896	149%
	Pork	31	821	2532%
	<b>Total</b>	<b>4,795</b>	<b>22,290</b>	<b>365%</b>

### Mexico and Canada have become top markets for U.S. agri-food commodities:

#### MEXICO

- #1 for Corn
- #2 for Soybeans
- #2 for Processed foods
- #2 for Pork
- #1 for Wheat
- #1 for Dairy
- #1 for Poultry
- #1 for Rice
- #3 for Beef
- #1 for Apples
- #1 for High Fructose Corn Syrup
- #1 for Eggs

#### CANADA

- #1 for Processed Foods
- #1 for Beverages
- #3 for Pork
- #2 for Poultry
- #2 for Dairy
- #3 for Corn
- #2 for Apples
- #2 for Eggs
- #1 for Fresh Vegetables
- #1 for Pet Food

## TPs for Mexico City

- 
- The President's Trade Agenda includes plans to strongly advocate for U.S. workers and businesses—both large and small.
- To that end, the Administration plans to review existing trade agreements and negotiate new bilateral agreements as well.
- Through a renegotiation of the NAFTA, the United States is seeking a deal that will help both of our economies thrive.
- The NAFTA is one of our earliest trade agreements and trade policy has evolved considerably over the last 25 years.
- Recently, President Trump emphasized that he wants to improve and bring NAFTA up to date.
- The NAFTA leaders have agreed to proceed swiftly to negotiate a deal to the benefit of all three countries, but each country has domestic procedures it must follow.
- For the United States, that means that the USTR and other relevant agencies are consulting with stakeholders and the U.S. Congress on their priorities.
- In addition, our law requires the Administration to notify the Congress of its intent to launch any new trade negotiation and it must give the Congress 90 days to review and comment.
- Once the U.S. Senate acts to confirm Robert Lighthizer and the next United States Trade Representative, the Administration will complete our consultations and notify the U.S. Congress of our intent to enter negotiations.
- We hope that his confirmation and the notification to Congress will take place very soon.

## If asked about withdrawal from the NAFTA:

- Our priority is to achieve our goals through renegotiation. But President Trump has also noted that the NAFTA provides for withdrawal - by any Party - with 6 months' notice, if it no longer feels that the current agreement meets its needs.



**MEMORANDUM:** Meeting with State of Arkansas Delegation  
**TO:** John Melle  
**FROM:** Mary Ryckman

#### EXECUTIVE SUMMARY

The delegation will be led by the Honorable Mark Martin, Arkansas Secretary of State, and will include Melvin Torres, Director of Americas, Arkansas World Trade Center as well as Angela Marshall Hofmann as a member of the Arkansas World Trade Center Board of Advisors. (b)(5)

[REDACTED]

#### DETAILS

**Date** May 16, 2017  
**Time** 2:30 PM  
**Location** Room 2, Annex  
**Logistics** Conference table setting

#### ATTENDEES

<b>John Melle</b>	<b>Mark Martin, Sec of State Arkansas</b>
Mary Ryckman	Melvin Torres, Dir. Latin America Trade,
Daniel Watson	WTC
Mary Smith	Angela Marshall Hofmann, Pres, World
Leslie Yang	Strategies

#### TALKING POINTS/TOPICS

- Welcome to USTR. Introduce your team.
- Give a brief update of NAFTA efforts.
- Seek their views and respond to their questions.

#### BACKGROUND / AREAS OF INTEREST

- See attached DOC factsheet on Arkansas exports. Key agricultural exports are:

		Exports rank among States	Exports million dollars
Top 5 agriculture exports, estimates, 2015			
Exports			
1. Rice		1	859.4
2. Soybeans		10	790.1
3. Broiler meat		4	346.0
4. Soybean meal		10	200.7
5. Cotton		6	165.6
Total exports		16	3,110.0

Mexico is the United States' top market for rice, poultry and soybean meal, and second largest market for soybeans. Canada is the United States' second largest market for poultry and third

Drafted by: M Ryckman  
Cleared by: L Yang  
OGC approval:  
FO approval:

largest market for soybean meal. (b)(5)

In November 2015, Arkansas officials went on an agricultural trade mission to Sub-Saharan Africa led by USDA. It also sent a delegation to Cuba in June 2015.

#### BIOGRAPHICAL INFORMATION



**Mark Martin**  
*Secretary of  
State of  
Arkansas*

- Elected to his first term in November 2010 with a promise of secure elections and a more fiscally conservative approach to state government. He was re-elected to a second term in November 2014.
- Prior to becoming Secretary of State, Martin served three terms as a State Representative.
- After serving in the Navy, Secretary Martin went on to earn his Bachelors of Science in Mechanical Engineering in 1998 from the University of Arkansas.



**Melvin  
Torres**  
*Director of  
Latin America  
Trade  
World Trade  
Center  
Arkansas*

- Over 25 years of success strengthening international markets and business management practices in the United States, Latin America and the Caribbean. He has been a vice president, a director, and a general manager at Citibank, General Electric and Commerce Bank.
- He was responsible for the operations of eight Latin American and Caribbean countries for Citibank and was the youngest person to be named a vice president in the region's history.
- He holds a Business Administration degree from Universidad Metropolitana in Puerto Rico and an MBA in International Business and Global Emerging Markets at American University in Washington, D.C.



**Angela  
Marshall  
Hofmann**  
*Founder and  
President  
World  
Strategies*

- Currently, leads consulting firm World Strategies, Inc.
- Previously, Angela was Vice President, International Corporate Affairs, at Walmart Stores, Inc.
- Prior to Walmart, she served as International Trade Counsel on U.S. Senate Finance Committee under Chairman Max Baucus.

Attachment: DOC's State Export Factsheet

Drafted by: M Ryckman  
Cleared by: L Yang  
OGC approval:  
FO approval:

## **NAFTA Talking Points for 90-Day Announcement; TPs for TPSC; Rollout Q&As**

### **TPs for 90-Day Announcement**

- [Today] [on May 18], the U.S. Trade Representative informed Congress that the President intends to commence negotiations with Canada and Mexico with respect to the NAFTA.
- In accordance with the law, the Administration will now provide the Congress with 90 days to review and comment before launching the negotiation.
- During that time, USTR will solicit the views of the interested public, consult with stakeholders on their priorities, and work closely with the Congress to develop negotiating objectives.
- The NAFTA is one of our earliest trade agreements and trade policy has evolved considerably over the last 25 years.
- Through renegotiation, the President intends to modernize the NAFTA and to advocate strongly for U.S. workers and businesses—both large and small.
- The NAFTA leaders have agreed to proceed swiftly to negotiate a deal to the benefit of all three countries.

### **If asked about withdrawal from the NAFTA:**

- Our priority at the moment is to achieve our goals through renegotiation.

### **TPs for TPSC Usage**

- (b)(5) [REDACTED]
- This notwithstanding, USTR has engaged closely with partner federal agencies over the last several months on the proper goals and priorities in the negotiations, which are reflected in the Congressional notification and Federal Register notice.
- The Administration is committed to working closely with the interagency, and specifically via the TPSC, in the 90-day period before negotiations can begin, and during the negotiations.



OPENING REMARKS: PRESS BRIEFING

BY AMBASSADOR ROBERT E. LIGHTHIZER

LETTER TO CONGRESS ON INTENT TO RENEGOTIATE NAFTA

MAY 18, 2017

Good Morning.

- This is a milestone day for the Trump Administration. Today, President Trump is fulfilling one of his key promises to the American people: to renegotiate NAFTA to get a better deal for American workers, farmers, ranchers, and businesses.
- Thanks to the President's leadership, today my office is formally notifying Congress of the Administration's intent to renegotiate NAFTA.
- As I said when I was sworn in three days ago, I believe the President's leadership on trade will be proven to permanently reverse the dangerous trajectory of American trade.
- Changing that trajectory is why we're here today.

- NAFTA was negotiated over 25 years ago; the trade deal entered into force in 1994.
- While our economy and businesses have changed considerably, the NAFTA has not. Most chapters are clearly outdated and do not reflect the most recent standards in U.S. trade agreements.
- For example, NAFTA does not contain a digital chapter. Labor and environment matters were an afterthought to NAFTA. Rules for intellectual property rights and other important trade protections have all been improved in newer trade agreements, but not yet NAFTA.
- And while NAFTA has been successful for some sectors of the economy, such as agriculture, other sectors such as manufacturing have not done well.
- For many years, politicians have called for the renegotiation of this agreement, but President Trump is the first to follow through with that promise.
- The notice we're announcing today starts the clock on a 90-day consultation period with Congress and the American people.



- As we head toward formal negotiations following the 90-day consultation period, the President has clearly outlined the ultimate goal: a fair deal for American workers, farmers, ranchers, and businesses.
- With that goal, my negotiating approach will keep in mind the following:

#### FIRST,

- As I've mentioned, NAFTA has been relatively successful for Americans across many sectors including agriculture, investment, services, and energy; however, other sectors like manufacturing, particularly in regards to Mexico, have fallen behind.
- When we lose manufacturing facilities to Mexico, we lose the thousands of good-paying jobs associated with those facilities, directly impacting middle-class Americans. As a starting point for negotiations, we should build on what has worked in the NAFTA, but change and improve what has not.

#### SECOND,

- If renegotiations result in a fairer deal for American workers, there is value in making the transition to a modernized NAFTA as seamless as possible.

- For this reason, it is my intent for the negotiations and the final agreement to reflect the same existing structure as the current agreement. However, we will conduct negotiations on a bilateral basis if that becomes necessary.
- As the President has said, “we’re going to give renegotiation a good, strong shot.”
- Through these negotiations to improve trade, the Trump Administration is seeking a better deal to support more high-paying jobs for Americans and to grow the U.S. economy.

## What Comes Next

- USTR will now intensify consultations with Congress to provide the greatest economic benefit for the United States.
- Next week, USTR will publish in the Federal Register a notice requesting public input on the direction, focus, and content of NAFTA negotiations.

- As required under Trade Promotion Authority, USTR will publish objectives for the negotiations at least 30 days before formal negotiations begin.
- Following the TPA timelines, the United States will be ready to pursue full negotiations with Canada and Mexico as soon as August 16, 2017.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and families.
- And now I'll take a few questions.

###

## **NAFTA Talking Points for 90-Day Announcement Rollout Q&As**

### **Public TPs for 90-Day Announcement**

- On May 18, the U.S. Trade Representative informed Congress that the President intends to commence negotiations with Canada and Mexico with respect to the NAFTA.
- In accordance with the law, negotiations can start no earlier than 90 days from the date of the notification.
- During that time, USTR will solicit the views of the interested public, consult with stakeholders on their priorities, and work closely with the Congress to further develop specific objectives for the negotiations.
- USTR will be issuing a Federal Register notice seeking public comments and announcing the date for a hearing.
- The NAFTA is one of our earliest trade agreements and trade policy has evolved considerably over the 23 years since NAFTA entered into force.
- Through renegotiation, the President intends to modernize the NAFTA and to advocate strongly for U.S. workers and businesses—both large and small.
- The NAFTA leaders have agreed to proceed swiftly to negotiate a deal to the benefit of all three countries.

### **If asked about withdrawal from the NAFTA:**

- Our priority at the moment is to achieve our goals through renegotiation.

## **Q&As**

### **Why Renegotiate NAFTA?**

#### **1) Why is the Administration renegotiating NAFTA and what are its priorities?**

- a. The NAFTA was negotiated more than 25 years ago, and, since that time, the U.S. economy and U.S. businesses have changed considerably. Much of the NAFTA is outdated and does not reflect the most recent standards in U.S. trade agreements. A review of NAFTA will help make the United States, and North America, a stronger, more attractive place to do business and a model for the rest of the world in the 21<sup>st</sup> century.

[APG]



**2) How will the new agreement be different from the original one?**

- a. The objective of renegotiating is to modernize the Agreement by applying the highest standards to the United States' trading relationships with both countries. Both Canada and Mexico are among the largest export markets for manufactured goods, and two of our largest markets for agricultural products. For reasons of scale alone, modernizing the NAFTA has great potential to benefit the workers, farmers, and firms of the United States.

**TPA**

**3) Is the Administration planning to follow the requirements in the 2015 TPA?**

- a. Yes, the Administration is following the guidance in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA). TPA outlines a number of negotiating goals the United States should seek in any new negotiation. It also includes requirements for consultations with the Congress, the private sector and other U.S. stakeholders, as well as the broader interested public.
- 4) The 2015 TPA was drafted for the TPP negotiations, which the administration did not support. How will the 2015 TPA requirements affect negotiating objectives for the NAFTA?**
- a. The 2015 TPA is law, and outlines a number of negotiating goals the United States should seek in any new negotiations. It also includes requirements for consultations with the Congress, advisory committees, and U.S. stakeholders and interested public.

**Process and Stakeholder Input**

**5) What is the schedule for private sector consultations?**

- a. Interested parties will be invited to submit comments per a notice issued by USTR in the *Federal Register*. Consultations already are underway, including with agricultural and other industry advisory committees. We also intend to hold meetings around the country with a range of stakeholders, including businesses of all sizes, consumers, and civic groups, to solicit further input as we prepare our positions for this negotiation. We will publicize future meetings on our website and through the *Federal Register*.
- 6) Is the Administration seeking views from a wider range of stakeholders – including non-governmental organizations, environmental or labor groups?**
- a. Yes, the Administration will follow the TPA requirements related to transparency in any potential trade agreement negotiation, and is seeking the widest possible range of input as we move forward. The Administration is

[APG]



committed to receiving fulsome input and having a broad and vigorous dialogue with the full range of stakeholders in the United States as it formulates and executes trade policy. We have already begun to reach out to a broad range of stakeholders and look forward to receiving responses to our *Federal Register* notice.

**7) Will USTR be holding hearings on renegotiation of the NAFTA?**

- a. Yes. As a first step, we will review the comments we receive based on our *Federal Register* request. We expect to hold a hearing in June in Washington, D.C. where any interested party who requests will have the opportunity to present their views regarding the negotiations.

**Timing**

**8) How does the 90-day consultation period with the Congress work? Does renegotiation with Canada and Mexico require new legislation?**

- a. We are following the procedures set out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, which requires ongoing consultations with Congress to ensure that USTR has the latest views of Congress as we develop negotiating positions.

**9) Have you started engaging with Canadian and Mexican officials yet? What has been discussed?**

- a. Under the TPA, we cannot begin negotiating with Canada and Mexico until the 90-day period has ended. However, there have been high-level, general discussions about the NAFTA and the need to renegotiate. Canada and Mexico have made clear they are also interested in modernizing the NAFTA and have begun their own domestic consultation processes.

**10) When is the first round of negotiations? What is the schedule for the rest of the year?**

- a. We expect to hold the first round of negotiations as soon as possible after the end of the 90-day period.

**11) Mexico has a presidential election in mid-2018. How long do you expect it to take to reach a deal with Mexico and Canada?**

- a. The substance of the negotiation will drive the timing. We are looking for the strongest possible outcome for U.S. farmers, ranchers, manufacturers and workers, and we will seek to achieve that goal as soon as possible.

**Structure of the Renegotiations**

[APG]

**12) Will there be separate bilateral agreements with Mexico and Canada, or will the Administration retain the trilateral structure of the NAFTA?**

- a. The Administration intends to begin negotiations using the current trilateral structure of the NAFTA - although many elements will be negotiated bilaterally, as in the original NAFTA. We will make decisions about the final form of the Agreement as the final terms of the deal become clear.

**13) The NAFTA has been in force for more than 20 years. Is the United States withdrawing from the NAFTA, or will it remain in force during the renegotiation?**

- a. The Administration is committed to maintaining U.S. exports of goods and services, and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers.

**14) How will you ensure that trade is not disrupted during the negotiations?**

- a. The Administration is committed to maintaining U.S. exports of goods and services, and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers.

**15) Will TPP be a starting point for a NAFTA renegotiation? What specific improvements over TPP do you think the Administration should seek in any NAFTA renegotiation discussions?**

- a. The Administration believes that, in negotiating a new trade agreement, we should learn from, and build on, earlier negotiated outcomes, particularly those that included our NAFTA partners. There is much in TPP that was agreed by Canada and Mexico that goes well beyond NAFTA. This is a good starting point, but we will also draw from other proposals that improve on TPP.

**Scope of Negotiations**

**Deficits, Tariffs, and Other**

**16) The Administration has said that trade deficits are a problem and it is in the process of preparing a report on deficits, which looks at both Canada and Mexico, among other countries. What will the new NAFTA do to address deficits with both countries?**

- a. The report on trade deficits is still in development. We will be looking closely at the information provided in the report as we develop our negotiating objectives.

[APG]

**17) Some in the Congress have pushed for a tax on imports. How will the new NAFTA address border taxes?**

- a. Taxes are outside the scope of trade agreements, but we will consult during the 90-day period with Congress and stakeholders on how to ensure U.S. exports are treated fairly by our trading partners.

**18) Tariffs were largely eliminated under the original NAFTA. How will tariffs between the NAFTA countries be affected by the renegotiation?**

- a. The Administration is committed to maintaining U.S. exports of goods and services, and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers. It is not our intention to negotiate tariff increases.

**19) Will the Administration impose new tariffs on Canada or Mexico, [as part of the renegotiation] [if it doesn't get the deal that it wants]?**

- a. Our priority is to achieve our goals through renegotiation and we expect to work cooperatively with Canada and Mexico.

**20) Current NAFTA rules diminish the benefits of duty deferral programs for a large category of goods exported to Mexico or Canada. Will the Administration fix this issue in renegotiating NAFTA?**

- a. The Administration is aware of the concerns about NAFTA's provisions on duty drawback, and will be examining this issue with key U.S. stakeholders.

**21) Will the Administration commit to include currency provisions in NAFTA renegotiations?**

- a. The Administration is committed to developing effective approaches to address the problem of currency manipulation, and is working to develop the best possible enforcement tools.

**22) Will auto rules of origin be improved upon during renegotiations?**

- a. The Administration believes that the objectives of rules of origin for automotive goods are to provide incentives for producers to source good and materials here in the United States and North America. These rules should support good jobs in the United States, rather than provide benefits for producers to outsource production and send jobs to other countries.

**Agriculture**

[APG]



**23) NAFTA has been a huge boon to not only America's farmers and ranchers, but also to the U.S. food processing industry, which employs 1.7 million people. How will the Trump Administration renegotiate NAFTA to do no harm to this boon and increase exports?**

- a. For many agricultural sectors, U.S. farmers, ranchers, and food processing industries have taken advantage of opportunities under NAFTA. We are committed to maintaining the markets they have and creating opportunities to expand exports. We will consult with agricultural stakeholders and Members of Congress, consistent with Trade Promotion Authority, on the United States' approaches to and positions in the negotiations.

**24) Farmers only stand to lose in a NAFTA renegotiation. Can the NAFTA partners agree to leave agriculture out of the renegotiation?**

- a. The Administration has prioritized expanding agricultural exports. The Administration has no intention of undertaking any negotiation that would leave our farmers worse off. We will continue to consult agricultural stakeholders and Members of Congress, consistent with Trade Promotion Authority, on the United States' approaches to and positions in the negotiations.

**25) Mexico has been flooding the U.S. market with subsidized and dumped fruits and vegetables, including bell peppers, tomatoes, strawberries, and blueberries. U.S. trade laws don't generally account for seasonal differences in trade practices, making it hard for Florida growers to file a trade case. Will you renegotiate NAFTA to make it work better for our growers and account for seasonal differences in agricultural markets?**

- a. We recognize the unique seasonality and perishability of fresh fruits and vegetables. Trade Promotion Authority specifies several negotiating objectives to address practices that adversely affect trade and to improve import relief mechanisms for seasonal products, such as fresh fruits and vegetables. We will consult with Florida growers and Members of Congress to address these objectives and the concerns raised.

**26) Mexico still prohibits imports of U.S. potatoes. Will you get that fixed once and for all with a renegotiation of NAFTA?**

- a. We know that for a very long time U.S. potato exports to Mexico have been limited to the immediate border region, despite scientific evidence that U.S. potatoes can enter Mexico safely. We will review this issue and work to determine the most effective path forward to expanded market access for U.S. potatoes.

[APG]

**27) Commerce entered into Suspension Agreements with Mexico to limit the flood of imports of dumped and subsidized sugar from Mexico. These agreements were clearly not stopping injury to the U.S. sugar growers and refiners. The parties are now in discussions to revise the agreements. What will the Administration do to ensure a successful outcome of the negotiations, protect our industry, and stabilize the North American sugar market?**

- a. As you are aware, USTR has no formal role in the implementation or enforcement of the Suspension Agreements, as that is the responsibility of the Secretary of Commerce.

**28) If NAFTA is going to be renegotiated with Mexico, how will you address market access for Mexican sugar? Will you seek a permanent arrangement to ensure that Mexico does not engage in unfair sugar trade?**

- a. I am aware of the concerns about dumped and subsidized Mexican sugar, which is a matter which is currently being dealt with by the Secretary of Commerce.

**29) The last Administration announced WTO dispute consultations against Canada on British Columbia wine policies. Will you move forward with that dispute, as well as other provinces' wine policies?**

- a. We understand the U.S. wine industry has serious concerns with policies restricting sales of U.S. wine. We are examining this issue carefully and will consult with Members of Congress and the U.S. wine industry.

**30) Are you going to deal with dairy market access in NAFTA renegotiation?**

- a. We understand Canada maintains strict limits on imports of dairy products and know it is important to obtain new access to the Canadian market for U.S. dairy. We will continue to consult with the U.S. dairy industry and Members of Congress, consistent with Trade Promotion Authority, on the United States' approaches to and positions in the negotiations.

**31) Are you going to deal with Canada's supply management system in NAFTA renegotiation?**

- a. As highlighted by President Trump, the Administration is engaging Canada at the highest levels on our concerns with Canada's recent change to its supply management system. We will consult with the U.S. dairy industry and Members of Congress on the most appropriate way forward to address this matter.

***IF ASKED about international trade violation:***

USTR is still examining whether there is any violation of Canada's international trade obligations.

[APG]



**33) How will you ensure U.S. wheat is treated fairly by Canada?**

- a. We are committed to increasing U.S. agricultural exports, including wheat exports. We will review this matter and consult with industry and Members of Congress.

**Labor and Environment**

**32) Will the Administration include stronger commitments on labor and environment in the new NAFTA?**

- a. Provisions on labor and the environment have evolved considerably since the NAFTA and include strong dispute settlement provisions, among other changes. One key priority is to modernize the NAFTA to reflect these changes. When trading partners fail to enforce labor and environmental laws, it can create a competitive disadvantage for U.S. workers, farmers, ranchers, and businesses. This administration will work to ensure that trading partners like Mexico live up to their obligations to effectively enforce their labor and environmental laws.

**33) NAFTA's weak and unenforceable labor and environmental side agreements have contributed to the offshoring of U.S. jobs. How will this be addressed in renegotiations?**

- a. When trading partners fail to enforce labor and environmental laws, it can create a competitive disadvantage for U.S. workers, farmers, ranchers, and businesses. This administration will work to ensure that trading partners like Mexico live up to their obligations to effectively enforce their labor and environmental laws.

**34) In renegotiating NAFTA, will the Administration require each participating country to adopt, maintain, and implement policies to fulfill important international environmental and labor agreements, including the Paris climate agreement and core ILO conventions?**

- a. The Administration is committed to ensuring that the NAFTA is updated in ways that comply with TPA objectives for labor and environment.

**Other**

**35) [State X] has a trade surplus with Mexico and/or Canada. How will the administration ensure that any renegotiation of NAFTA will not worsen any individual state's net trade, or specifically, [State X's] net trade position?**

- a. In updating the NAFTA, the Administration will seek to improve its trade relationship with Canada and Mexico in order to secure the greatest possible benefits for U.S. workers, farmers, ranchers, and businesses.

[APG]

**36) How will you address the concerns of companies that have built complex value chains based on the assumption that NAFTA will remain intact?**

- a. I understand that NAFTA has been in place for a long time and that many of our workers, farmers, and firms have expanded exports to Canada and Mexico under the agreement. The Administration is committed to maintaining the benefits that U.S. exporters of goods and services have seen under the Agreement, and will use the opportunity of renegotiating NAFTA as a way to expand U.S. trade with Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers.

**37) What will the administration do with NAFTA Chapter 19?**

- a. The review of disputes pursuant to trade remedy laws contained in Chapter 19 of NAFTA is an area that raises concerns among Members of Congress and U.S. industry. The Administration looks forward to working with stakeholders, including Congress and U.S. businesses, regarding concerns on Chapter 19.

[APG]

Talking Points for Monthly Chairs Call  
Ambassador Lighthizer  
June 5, 2017

Good Afternoon,

I am very pleased to be able to join everyone on the call today. As I said at the time of my swearing in, there is a lot of work to be done, I have gotten started and am ready for the important and difficult work ahead.

At the outset, I would like to thank all of you for your willingness to serve as part of the advisory committee system that was established by Congress to advise this agency. I have heard great things about all of you, have strong and clear memories of working with the advisory committees during my tenure as Deputy USTR. I am very appreciative of the time and effort that each of you takes and the expertise and experience that each of you brings to the critical job of advising this agency on U.S. trade policy. The challenges and difficult work are ones that we will share.

Unfortunately, I will not be able to stay on the call for too long, as I need to catch my flight to the OECD Meetings this week. But I wanted to take this opportunity to express my appreciation for the work that you do and let you know that how important the advisory committees are to the work of USTR and to setting and carrying out U.S. trade policy.

I would also like to thank Stephen Vaughn and the transition team for their hard work during this long process. I understand that Stephen has participated on this call several times and he has expressed to me how helpful the advisory committees have already been.

We are aware of the depth and breadth of your experience and expertise – and we very much look forward to working closely with you in the weeks and months ahead.

Today is the start of my fourth week so I would also like to take a moment to update you all on the work that USTR has done during my first few weeks in office.

## **NAFTA**

As you know, on Thursday, May 18, I notified the Congress of the President's/Administration's intent to renegotiate the NAFTA. That letter triggered the 90-day clock before negotiations can begin, and my team and I are preparing accordingly. It is important to note that we have agreed with the Congress to follow the Guidelines for Consultation and Engagement that were developed between USTR and Congress in accordance with TPA requirements in October of 2015. Section four (IV) of that document outlines the consultation procedures with respect to the advisory committees, and we intend to follow those guidelines. This includes providing each of your committee's access to negotiating text that the United States intends to table. We are working on developing our proposals now, and I look forward to your input as we prepare for these negotiations.

USTR has also noticed a public hearing that will be held on Tuesday, June 27, at the International Trade Commission to further solicit views of public stakeholders as well as these



committees. All of the public input we receive will be used to develop our initial proposals for a renegotiated NAFTA.

## APEC

(b)(5)



This afternoon, I will be traveling to Paris to participate in the OECD meetings. When I return, we will continue to develop U.S. proposals for NAFTA, and further developing our agenda in other regions.

With that, I am happy to take a few comments or questions.

## IF ASKED:

*When will you be releasing a new trade agenda?*

I understand that the Trade Agenda Report released in March did indicate that a new agenda may be released once a USTR had been confirmed. I have had several conversations with the President about how he sees his trade policy developing, and I am continuing to work with my team to develop my agenda.

At the appropriate time, I will have my team reach out to Congress and the Advisory Committees for their input into any further agenda that may be released.

## MEMORANDUM FOR MEETING WITH CANADIAN PREMIERS

**TO:** Stephen Vaughn  
**FROM:** John Melle  
**DATE:** June 6, 2017

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### EXECUTIVE SUMMARY

Several of Canada's Premiers are in Washington to meet with government and private sector representatives to educate U.S. stakeholders about the importance of the bilateral relationship.

(b)(5)

(b)(5)

### DETAILS

**Date:** Wednesday, June 7, 2017  
**Time:** 3:30 p.m. (45 minutes - one hour)  
**Location:** Winder 305  
**Press:** Closed (b) (5)

### ATTENDEES

Stephen Vaughn, General Counsel	Sandy Silver, Chair of the Council of the Federation Premier of Yukon
John Melle, AUSTR Western Hemisphere	Kathleen Wynne, Premier of Ontario
Mary Smith, Director for Canadian Affairs	Brian Gallant, Premier of New Brunswick
Lane Haskell (Intern)	Stephen McNeil, Premier of Nova Scotia
Rebecca Condori (Intern)	Brian Pallister, Premier of Manitoba
	Wade MacLauchlan, Premier of Prince Edward Island
	Dwight Ball, Premier of Newfoundland & Labrador
	Bob McLeod, Premier of Northwest Territories
	Andrea Buckley (note-taker), Assistant Deputy Minister, Government of Yukon
	Colin Bird, Minister-Counselor, Embassy of Canada

### LINE-BY-LINE AGENDA

Welcome and Introductions (Stephen Vaughn)  
Welcome and Introductions (Premier Silver)  
Remarks by Stephen Vaughn  
Q&A  
[TBD: Photo at end of meeting]

### TALKING POINTS

- Overview of Trump Administration's trade policy agenda
- NAFTA 90-day notification period
- Looking ahead to modernizing NAFTA

**BACKGROUND AND BIOGRAPHICAL INFORMATION** *(Please see attached)*



NAFTA Renegotiation – Labor  
(June 2017)

Talking Points

- We intend to seek to enhance and modernize the labor provisions, which have evolved in our trade agreements over the past 25 years.
- For example, under NAFTA the labor obligations are contained in a side agreement and are subject to limited enforcement mechanisms.
- More modern trade agreements include stronger obligations requiring adherence to international labor standards and subjecting labor commitments to the same dispute settlement mechanisms and sanctions as the rest of the agreement.
- These are among the items that we will consider as we consult with Congress and stakeholders on priorities for renegotiation.
- We expect Mexico and Canada to share our interest in updating the labor provisions (based on the outcome in TPP).

## EVENT BRIEFING MEMORANDUM

**MEMORANDUM: AGRICULTURE ADVISORY COMMITTEE MEETINGS**  
**TO: USTR ROBERT LIGHTHIZER**  
**FROM: SHARON BOMER LAURITSEN, AUSTR**

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### EXECUTIVE SUMMARY

You and Secretary Perdue will be hosting your first in-person meeting with up to 200 agriculture trade advisors. The advisors will be working on developing advice for the Administration on NAFTA renegotiation, (b)(5)

They will be interested in hearing directly from you on the Administration's trade agenda and objectives for negotiating NAFTA, (b)(5)

### DETAILS

<b>Date</b>	June 14, 2017
<b>Time</b>	8:30 am – 11:00 am
<b>Location</b>	U.S. Department of Agriculture
<b>Press:</b>	Closed.

### ATTENDEES

<b>USTR</b>	<b>USDA</b>
Stephen Vaughn	Secretary Sonny Perdue
Jamieson Greer	Jason Hafemeister, Acting DUS
Payne Griffin	Holly Higgins, Acting FAS Administrator
Sharon Bomer	
USTR Ag Affairs Staff	

**APAC Chair:** Shannon Herzfeld, ADM  
APAC advisor list attached

### LINE-BY-LINE AGENDA:

8:30 am	Arrive USDA and proceed to Secretary Perdue's office
8:55 am	YOU and Secretary Perdue proceed to South Building Auditorium
9:00 am	Perdue gives remarks and introduces YOU.
9:15 am	YOU give remarks.
9:30 am	YOU and Secretary Perdue participate in Q&A with ATAC advisors.
9:45 am	YOU and Secretary Perdue depart Auditorium to go to Whitten Building Room 104A.
10:00 am	YOU participate in a dialogue with APAC members. <i>You will sit at the head of a large roundtable next to Sec. Perdue and Chairperson Shannon Herzfeld. Ms. Herzfeld will open the meeting to begin the discussion.</i>
11:00 am	YOU and Secretary Perdue depart meeting.

## TALKING POINTS

Attached

## BACKGROUND / AREAS OF INTEREST

- There are approximately 200 ag advisors; however, usually about 100 attend in-person meetings. Advisors include national and regional trade association representatives, farmers, ranchers, agribusiness executives, academics and one anti-smoking NGO. Approximately 50 advisors were appointed in January 2017, the remaining were appointed in 2015. Appointments are for four years. The Committee charters will come up for renewal in 2019.
- The ag outlook for a fourth year of lower net farm income, coupled with lower farm wealth, and projected sluggish income growth, suggests a weakening financial picture. Commodity prices bottomed out in 2015, however, for most major program crops, recovery is far short of the record highs experienced a few years ago, signaling challenging times ahead. High stocks, low prices, and strong foreign competition are expected to lead to lower U.S. crop production. Outlook for livestock is for continued record production and lower prices.

- (b)(5)  
[REDACTED]
- (b)(5)  
[REDACTED]
- (b)(5)  
[REDACTED]

## BIOGRAPHICAL INFORMATION



**Shannon Herzfeld**  
*APAC Chair*  
VP, ADM

- Shannon S. Herzfeld is vice president, Government Relations, for Archer Daniels Midland Company. Herzfeld joined ADM in 2005. Herzfeld holds a bachelor's degree from Connecticut College in New London, Connecticut, an MBA from the Wharton School at the University of Pennsylvania, and master's degrees in Arts and Law from the Fletcher School of Law and Diplomacy at Tufts University.

###

Attachments: 1 – Remarks  
2 – APAC Agenda  
3 - Ag Question and Answers  
4 – Advisory Committee members

Draft: S. Bomer

Review:

OGC:

FO:



**REMARKS  
AGRICULTURE ADVISORY COMMITTEES  
JUNE 14, 2017**

- Thank you, Secretary Perdue, for the introduction. It's truly a pleasure being here today.
- Secretary Perdue only beat me by a couple of weeks, but we already have hit the ground running as we begin work to advance the Administration's trade agenda, for which expanding agricultural exports is a cornerstone.
- I am committed to enhancing U.S. food and agricultural exports. Secretary Perdue and I will be working closely together to ensure that we are effective in achieving this goal.
- As highlighted with Senator Roberts introducing the Vice President and me at my swearing in, advancing the interests of America's farmers and ranchers is one of my top priorities.
- President Trump believes in an America first trade policy, and that starts with increasing U.S. exports across the board, including in agriculture. It also is a reflection of the President's belief that we can do better in negotiating our trade agreements and be stricter in enforcing our trade laws.
- I further believe we need an international trade system that functions the way it was negotiated and that the United States must be ready to work with like-minded trading partners to ensure that fair trade, based on efficient markets, prevails.
- One of our principal policy priorities is to aggressively seek to open foreign markets to U.S. agriculture exports.



- As Secretary Perdue says, if you grow it, we will help sell it.
- The Trump Administration intends to take a more aggressive approach, using all possible leverage to encourage other countries to give U.S. producers fair and reciprocal access to their markets.
- We are already at work on barriers to U.S. agricultural exports in China, Argentina, and Vietnam, in addition to the ongoing work that USDA and USTR staff undertake every day to promote U.S. agriculture.
- I have also notified the Congress that the President intends to renegotiate NAFTA. In doing this, I will follow the procedures established by Trade Promotion Authority in consulting with stakeholders and Congress before and during the negotiations.
- The notification letter sent to the leadership of the House Ways and Means Committee and Senate Finance Committee started a 90-day process to consult with Congress and listen to stakeholders on their priorities for the renegotiation.
- In addition to public comments that were due on June 12, and the public hearing that we will hold on June 27, we are seeking input from you - our trade advisors - by June 30.
- I know it's important for you to know and for your customers in Canada and Mexico to know that we are looking to do no harm to U.S. agriculture in these negotiations, and to negotiate a seamless transition.
- I am also committed to entering this negotiation on a trilateral basis, although certain aspects of the negotiation may need to occur on a bilateral basis, just like certain elements of NAFTA are bilateral.

- So the work you do today is very important as we prepare to begin negotiations with Mexico and Canada after that 90 day clock, which ends on August 16.
- On other issues, I am still in the early days of my tenure at USTR.
- (b)(3) [REDACTED]
- (b)(3) [REDACTED]
- I know there are many other issues on my and your plates – for example, WTO discussions, dispute settlement, and future FTA negotiations.
- I would like to use today to hear from you.
- Thank you.

## BRIEFING MEMORANDUM

**MEMORANDUM: MEETING WITH INTERNATIONAL DAIRY FOODS ASSOCIATION**

**TO: USTR ROBERT LIGHTHIZER**  
**FROM: SHARON BOMER LAURITSEN, AUSTR**

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### EXECUTIVE SUMMARY

(b)(5)

[REDACTED]

### DETAILS

**Date** June 14, 2017  
**Time** 5:30 pm  
**Location** Winder Room 203  
**Press:** Closed

### ATTENDEES

USTR	IDFA
Sharon Bomer	Michael Dykes, President and CEO, IDFA
Roger Wentzel	Stan Ryan, Darigold (brother of Paul Ryan)
Leslie Yang	Andrei Mikhalevsky, California Dairies
Daniel Lee	David Ahlem, Hilmar Cheese Company
	Tim Galloway, Galloway Company
	Louie P. Gentine, Sargento Foods Inc.
	Rich Draper, Ice Cream Club
	Mike Durkin, Leprino Foods
	Alan Thomsen, Schoep's Ice Cream Company, Inc.

### TALKING POINTS

Attached

### BACKGROUND / AREAS OF INTEREST

- The U.S. dairy industry has traditionally been an import-sensitive sector but has become more export oriented over the last 15 years. During that period, U.S. dairy product exports have more than quadrupled, reaching \$4.7 billion in 2016. The top four U.S. export markets last year, in order of importance, were Mexico, Canada, China and South Korea.
- IDFA represents the nation's dairy manufacturing and marketing industries and their suppliers, with a membership of 550 companies. It is composed of three constituent organizations: the Milk Industry Foundation, the National Cheese Institute, and the International Ice Cream Association. IDFA's 200 dairy processing companies represent

more than 85 percent of the milk, cultured products, cheese and frozen desserts produced and marketed in the United States.

- (b)(5) [REDACTED]
- [REDACTED]
- [REDACTED]
- (b)(5) [REDACTED]
- [REDACTED]

#### BIOGRAPHICAL INFORMATION



**Michael  
Dykes**  
*President and  
CEO, IDFA*

Michael D. Dykes, D.V.M., assumed the role of president and CEO in January 2017. For the past 19 years, Dykes served as vice president of government affairs for Monsanto, where he was responsible for developing and implementing a portfolio of U.S. government relations strategies and programs that included agricultural biotechnology policy.

Dykes was appointed to the Agricultural Policy Advisory Committee in January 2017 and is a member of the American Veterinary Medical Association and the National Academy of Practitioners, an interdisciplinary organization of health care practitioners and scholars. Dykes grew up on a small dairy and tobacco farm in Kentucky. He earned a Doctor of Veterinary Medicine degree from Auburn University. He also attended the University of Kentucky where he received a Master of Science degree in Agricultural Economics and a Bachelor of Science degree in Animal Science.

###

Draft: R. Wentzel  
Review: D. Lee (IIP)  
OGC:  
FO:



## **TALKING POINTS – IDFA MEETING JUNE 14, 2017**

### **NAFTA**

- I have notified the Congress that the President intends to renegotiate NAFTA. In doing this, I will follow the procedures established by Trade Promotion Authority in consulting with stakeholders and Congress before and during the negotiations.
- The notification letter sent to the leadership of the House Ways and Means Committee and Senate Finance Committee started a 90-day process to consult with Congress and listen to stakeholders on their priorities for the renegotiation.
- The Administration is committed to doing no harm, and I would not expect tariffs to be raised in NAFTA renegotiation. I understand the value in making the transition to a modernized NAFTA as seamless as possible so exports are not disrupted.

### **Canada**

- I understand the importance of expanded market access into Canada to U.S. industry and we will continue to consult with you on this issue.
- On Canada's Class 7, President Trump and senior Administration officials have raised concerns with Canada, and I also raised the issue with Trade Minister Freeland.
- We have been focused on collecting information on Class 7, and appreciate IDFA working with us in that effort.

- We are paying particular attention to tracking Canada's export of skim milk powder in third markets, and ultrafiltered milk exports to Canada.
- I am examining this issue carefully to identify the best way forward.
- *If needed:* (b)(5) [REDACTED]  
[REDACTED]

## Geographical Indications (GIs)

- I know my team has been coordinating closely with you on GI issues across the world.
- We are working intensively to advance U.S. market access interests for U.S. exporters, including the dairy industry, and to ensure that the trade initiatives of other countries do not undercut our market access.
- (b)(5) [REDACTED]  
[REDACTED]
- As we ramp up our efforts in this Administration, we'll want to (b)(5) [REDACTED]  
[REDACTED]
- Our goals include:

○ (b)(5) [REDACTED]

[REDACTED]

[REDACTED]

*As needed --* (b)(5) [REDACTED]

[REDACTED]

*As needed --* (b)(5) [REDACTED]

[REDACTED]

(b)(5) [REDACTED] (if raised)

(b)(5) [REDACTED]

(b)(5)



## Other FTAs

- I know the importance for the dairy industry to expand exports as you continue to expand production.
- I am still assessing how we will move forward on our broader trade agenda, but want to prioritize NAFTA first.



## MEETING: RECORDING INDUSTRY ASSOCIATION OF AMERICA

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** ELIZABETH KENDALL  
**DATE:** JUNE 26, 2017

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### EXECUTIVE SUMMARY

The Recording Industry Association of America (RIAA) will meet you to highlight their digital and intellectual property-related trade priorities, including with respect to NAFTA, China, and the European Union's Digital Single Market Strategy.

### DETAILS

**Date** Wednesday, June 28 2017  
**Time** 2:00 PM  
**Location** Ambassador Lighthizer's office

### ATTENDEES

<b>USTR Ambassador Lighthizer</b>	<b>RIAA</b>
Elizabeth Kendall, AUSTR for IIP (Acting)	Cary Sherman, RIAA
Daniel Bahar, AUSTR for Services and Investment	Mitch Glazier, Sony Music
Jonathan McHale, DAUSTR for ICT Services and Digital Trade	Dennis Kooker, Sony Music
	Deirdre McDonald, Sony Music
	Eric Berman, Universal Music
	Ole Obermann, Warner Brothers Music

### BACKGROUND / AREAS OF INTEREST

- **RIAA** is the trade organization that represents major record labels (Universal, Warner Brothers, and Sony) and repertoire of small-to-medium-sized enterprises (SMEs) distributed by the major record labels.

- **NAFTA:** (b)(5)

[REDACTED]

Drafted by:  
Cleared by:  
OGC approval:  
FO approval:

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

- (b)(5) [REDACTED]

[APG]

## TALKING POINTS

- Thank you for coming in to brief me and the team on your industry and your digital trade and intellectual property–related trade issues. As you know, both are clear priorities in the President’s National Trade Agenda.
- I know you are also aware of USTR’s leadership in advocating for better protection of IPR in other markets. We appreciated your active participation in our work, including your input into the Special 301 Report and your comments on NAFTA.
- In addition, we continue to focus on bolstering market access for the services that deliver content.
- In China, we are working hard to push them to accelerate their legal reform, including in copyright law and enforcement; and are closely monitoring their implementation of market access commitments we obtained from our WTO AV case.
- We have an ambitious timeline to modernize NAFTA. On intellectual property protections, as well as service market access and associated digital trade rules that I know you care about, NAFTA is sorely out-of-date.
- I look forward to hearing more from you how we can achieve our goals of making sure IP owners have a full and fair opportunity to use and profit from their IP in foreign markets.
- **IF ASKED** (b)(5) [REDACTED]  
[REDACTED]
  - “We are thinking through all aspects of the NAFTA modernization very carefully, and appreciate you sharing your concerns.”

Drafted by:  
Cleared by:  
OGC approval:  
FO approval:

- IF ASKED (b)(5)

###

[APG]



**MEMORANDUM: MEETING WITH LUIS VIDEGARAY CASO**  
**TO: AMBASSADOR ROBERT LIGHTHIZER**  
**FROM: JOHN MELLE**  
**DATE: JULY 9, 2017**

---

### EXECUTIVE SUMMARY

Mexican Secretary of Foreign Affairs Luis Videgaray has requested a brief introductory meeting with you, which will probably focus on the broad US-Mexico relationship, including the NAFTA. (b) (5)

[REDACTED]

### DETAILS

<b>Date</b>	July 10, 2017
<b>Time</b>	11:30 am
<b>Location</b>	Your Office
<b>Logistics</b>	TBD

### ATTENDEES

<b>USTR</b>	<b>Mexico</b>
<ul style="list-style-type: none"><li>• You</li><li>• John Melle, AUSTR for Western Hemisphere</li><li>• Daniel Watson, DAUSTR for North America</li></ul>	<ul style="list-style-type: none"><li>• Luis Videgaray, Secretary of Finance</li><li>• TBD</li><li>• (others)</li></ul>

### TALKING POINTS

- Mexico is a neighbor and one of our top trading partners. Look forward to working with Secretary Guajardo on modernizing the NAFTA.
- (b) (5)
- (b) (5)
- As you know, we are currently in the 90-day consultation period with the Congress on the NAFTA negotiations. Expect to begin negotiating as early as August 16, at which point, we expect to move forward quickly.
- However, for us, the quality of the agreement is paramount. We agree to seek rapid conclusion, but substance will dictate the pace of the negotiations for us.

Drafted by: D. Watson (WHO)  
FO approval:

## BACKGROUND / AREAS OF INTEREST

(b) (5)

[REDACTED]

[REDACTED]

[REDACTED]

## BIOGRAPHICAL INFORMATION



**Luis  
Videgaray  
Caso**  
Secretary of  
Foreign  
Relations

- Videgaray has served as Secretary of Foreign Relations since January 4, 2017 and previously served as Peña Nieto's Secretary of Finance. Prior to that, he managed President Enrique Peña Nieto's presidential campaign.
- Videgaray is one of Peña Nieto's closest personal advisers and has been a key member of his economic team since Peña Nieto's term as Governor of Mexico State.
- Videgaray has also worked in the private sector as Director of Public Finance for consulting firm, *Protego Asesores*. He was an adviser for the Secretary of Energy in 1996 and for the Secretary of Finance between 1992 and 1994.
- Born in Mexico City on August 10, 1968, Videgaray received his Bachelor's degree in Economics from the Autonomous Technologic Institute of Mexico (ITAM). He went on to receive a Ph.D. in Economics from the MIT. He is married and has three children.

###

Drafted by: D. Watson (WHO)  
FO approval:

## MEETING: AMERICAN SOYBEAN ASSOCIATION

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** SHARON BOMER LAURITSEN, AUSTR  
**DATE:** JULY 11, 2017

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### EXECUTIVE SUMMARY

(b) (5)





### DETAILS

**Date** July 13, 2017  
**Time** 4:30 PM  
**Location** Room 203  
**Logistics** n/a

### ATTENDEES

<b>USTR</b>	<b>American Soybean Association</b>
You	Ron Moore, President
Julie Callahan, Acting AUSTR, Ag Affairs	John Heisdorffer, First Vice President
Julia Howe, China Affairs	Richard Wilkins, Chairman
Joan Hurst, Ag Affairs	Steve Censky, CEO
	John Gordley, Director, Washington Office
	Hanna Abou-El-Seoud, Washington Office

### BACKGROUND / AREAS OF INTEREST

- The United States is a global powerhouse in soybean production. The United States exports nearly \$28 billion in soybeans and soybean products. Nearly half of U.S. soybean production is exported.
- (b) (5) 
- From a high of over \$17 per bushel in mid-2012, soybean prices have fallen considerably. In 2017, soybean prices averaged just under \$10 per bushel.
- The rapid adoption of biotech seed by U.S. farmers has contributed significantly to U.S. competitiveness. (b) (5) 

Drafted by: J. Doherty  
Cleared by: JCallahan, RWentzel, JHowe, TMcCartin  
OGC approval: S. Laing  
FO approval:

- U.S. farmers have been losing market share to South America. Last year, Brazil supplied more than half of China's soybean imports, the U.S. supplied 35% and Argentina 10%.
- Mexico and the EU are also significant markets for U.S. soybean exports.
- ASA supports trade deals that expand access not just for soybeans and soybean products, but also pork, beef, and poultry, since soybeans are used extensively as animal feed.

- (b) (5)  
[REDACTED]
- (b) (5)  
[REDACTED]

#### BIOGRAPHICAL INFORMATION



**Steve Censky**  
*Chief Executive Officer*  
ASA

- Manages ASA's legislative, trade policy and international market development agendas.
- Served at USDA in both the Reagan and Bush Administration, including as Administrator of the Foreign Agricultural Service.
- Rumored to be under consideration for nomination as the Deputy Secretary of USDA.



**Ron Moore**  
*President*  
ASA

- Farmer from Roseville, Illinois
- Past chairman of the Illinois Soybean Association (ISA).
- Serves on the board of directors of the U.S. Soybean Export Council (USSEC)



**John Heisdorffer**  
*First Vice President*  
ASA

- Soybean producer from Keota, Iowa
- Served on the ASA Board of Directors since 2010.
- Raises corn and finishes 10,000 head of hogs a year

[APG]



## BIOGRAPHICAL INFORMATION


## TALKING POINTS

### CHINA

#### *Significance of the Market*

- I recognize that China is the largest export market for U.S. soybeans at \$14.3 billion last year.
- Given this Administration's commitment to reducing the U.S. trade deficit, I appreciate the importance of preserving such a significant export market, as well as pursuing opportunities to expand it further.

#### *Status of 100-day Plan*

- As part of the U.S.-China 100-day Plan negotiations, China agreed to accelerate the pace of review for eight pending biotech products and to conduct its reviews in a science-based, predictable and transparent manner.
- (b) (5) 
- The Chinese leadership will be here next week for the Comprehensive Economic Dialogue. We will review whether the 100-day plan commitments have been implemented. Biotech will definitely be a focus of ours.

[APG]

### *Potential Retaliation on Steel*

- China's excess steel capacity has caused very serious problems for our steel companies and their workers.
- I don't yet know what the President will decide in the section 232 investigation, but it's clear that we have got to find a way to address the problems.
- (b) (5) [REDACTED]
- (b) (5) [REDACTED]

## **TRADE AGREEMENTS**

### *NAFTA*

- We are committed to doing no harm, and our goal is to avoid tariffs being raised as a result of NAFTA renegotiation. In addition, there are areas where our agricultural stakeholders can gain, such as dairy and poultry market access into Canada.

### *NAFTA and BIOTECHNOLOGY*

- Our producers need to be able to use the latest technologies. We need to look for ways to reduce timelines, risks and burdens involved in seeking biotech approvals in multiple markets.

[APG]

- We appreciate your comments and advice. In the coming weeks, we will evaluate what can be best achieved in NAFTA and what efforts might be best put forward in other venues.

### *TPP and Japan*

- Japan is a key trading partner, and further opening Japan's market to U.S. agriculture products is a top priority.
- In mid-April, Vice President Pence announced, with Japan's Deputy Prime Minister Aso, the launch of the U.S.-Japan Economic Dialogue.
- Trade is one focus of the Dialogue, and agriculture will be high on our list of issues as we move forward in this area.

### *T-TIP*

- While TTIP is on hold, we are continuing to engage with our European counterparts to resolve trade concerns, including priority biotech approvals.
- We also are starting to explore how to move forward with the United Kingdom on trade negotiations.

## **REGULATORY APPROACHES TO PRECISION BREEDING**

- We understand the importance of U.S. regulatory agencies getting it right in their approach to new biotechnologies, such as gene editing.
- We want to ensure that the regulatory approach taken by U.S. agencies be consistent with our international obligations and support product acceptance abroad.

[APG]

- We agree that bold moves are needed, and that U.S. leadership in this area is vital to the future competitiveness of U.S. agriculture.

###

Attachments: Soybean Trade  
China 100-day Biotechnology Background

[APG]



## MEETING: TEXAS AND BORDER HOUSE AND SENATE MEMBERS

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** CONGRESSIONAL AFFAIRS  
**DATE:** JULY 12, 2017

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### EXECUTIVE SUMMARY

Senator John Cornyn (R-TX) and Representative Henry Cuellar (D-TX-28) sent you a letter on June 22, 2017 to request a meeting with all Members of Congress representing border constituencies along the U.S. – Mexico border. (b) (5)

In the letter, members requested the meeting for a “substantive discussion of the role this trade plays in the economy of our region and take these considerations into mind as you negotiate a 21<sup>st</sup> Century NAFTA agreement.”

NOTE: Staff is awaiting additional information from Senate/House to be provided on Thursday morning. Staff will provide you with a pre-brief if desired.

### DETAILS

**Date** July 13, 2017  
**Time** 3:30 PM  
**Location** S – 208 Capitol  
**Logistics** Will travel to the Hill to meet Members.

### ATTENDEES

**USTR**  
Ambassador Robert E. Lighthizer  
Christopher Jackson  
Cameron Bishop

**CONGRESS**  
Senator John Cornyn (R-TX)  
Senator Ted Cruz (R-TX)  
Rep. Henry Cuellar (D-TX-28)  
Rep. Beto O’Rourke (D-TX-16)  
Rep. Will Hurd (R-TX-23)  
Rep. Vicente Gonzalez (D-TX-15)  
Rep. Filemon Vela Jr. (D-TX-34)  
Rep. Martha McSally (R-AZ-2)

### BACKGROUND / AREAS OF INTEREST

- Members want to stress the importance of NAFTA (b) (5)
- (b) (5)
- Letter from Senator Cornyn and Rep Cuellar (attached)
- Because members will largely run through the positive benefits of NAFTA for Texas, staff has attached Texas Trade/Investment Profiles for Mexico and Canada (attached)

## TALKING POINTS

### NAFTA Agriculture

- The big benefit for U.S. agriculture from NAFTA is the elimination of tariffs in Mexico, the United States and Canada. A high priority of mine is to do no harm to American agriculture, and we can accomplish that by not touching the zero tariffs that are already in place. Of course, we would be happy to address any remaining concerns you may have on agriculture.
- It is my intention to have a seamless transition to the new NAFTA deal.
- We understand NAFTA has been successful for many sectors and regions including those directly on the Mexican border.

### If asked about Investor-State Dispute Settlement (ISDS).

- Thank you for sharing your concerns about ISDS.
- (b) (5) [REDACTED]  
[REDACTED] But as I said in my Hill testimony last week, I also acknowledge the concerns on ISDS.
- I look forward to working with Members to achieve the right balance between protecting U.S. investors abroad and protecting U.S. sovereignty.

[APG]

## RE: NAFTA talking points

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**From:** "McCormack, Brian" <brian.mccormack@hq.doe.gov>  
**To:** "Greer, Jamieson L. EOP/USTR" <jamieson.l.greer@ustr.eop.gov>  
**Date:** Thu, 13 Jul 2017 11:55:39 -0400

Jamieson- thanks. (b) (5)

---

**From:** Greer, Jamieson L. EOP/USTR <[Jamieson.L.Greer@ustr.eop.gov](mailto:Jamieson.L.Greer@ustr.eop.gov)>  
**Date:** Thursday, Jul 13, 2017, 10:38 AM  
**To:** McCormack, Brian <[Brian.Mccormack@hq.doe.gov](mailto:Brian.Mccormack@hq.doe.gov)>  
**Subject:** NAFTA talking points

Brian,

I'm the COS over at USTR and we saw today that Sec. Perry is in Mexico. (b) (5)  
We recommend a response such as this if NAFTA is raised:

(b) (5)

Let me know if you have other questions.

Thanks,  
Jamieson

JAMIESON L. GREER  
Chief of Staff  
Office of the U.S. Trade Representative  
Executive Office of the President  
O: 202.395.9648 | C: 202 (b) (6)

**CALL: JAMES HOFFA, PRESIDENT OF TEAMSTERS UNION**

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** LEWIS KARESH, AUSTR FOR LABOR  
**DATE:** JULY 14, 2017

**EXECUTIVE SUMMARY**

(b) (5)

**DETAILS**

**Date** July 18, 2017  
**Time** 2:00 PM  
**Dial-In** [Please provide the number or who will be connecting him]  
**Information:**

**ATTENDEES**

USTR	TEAMSTERS
Lewis Karesh, AUSTR for Labor	James Hoffa, President
John Melle, AUSTR West. Hemisphere	[Mike Dolan, Legislative Director]
[Name, Title]	

**BACKGROUND / AREAS OF INTEREST**

- NAFTA 2.0:

(b) (5)

Drafted by: Carlos Romero, DAUSTR for Labor  
Cleared by: S. Pietan, D. Watson,  
OGC approval: A. Winborne  
FO approval:

(b) (5)

[REDACTED]

- (b) (5)

[REDACTED]

(b) (5)

- (b) (5)

[REDACTED]

[APG]



## TALKING POINTS

### NAFTA

#### *Labor*

- I am committed to ensuring that our trade agreements strengthen our trading partners' labor standards, and in NAFTA we will incorporate labor obligations into the core of the agreement rather than in a side agreement.
- We will also ensure that the labor obligations are subject to the same dispute settlement mechanisms and trade sanctions as the rest of the agreement, and I look forward to working with you in this area.

- *If raised* (b) (5)

#### *Mexican trucking*

- Thank you for your views on long-haul trucking commitments in the revised NAFTA. No decision has been made at this point on the trucking issue.
- We are sensitive to the concerns that you have raised. (b) (5)

S.

[APG]

## Investor-State Dispute Settlement (ISDS)

- Thank you for sharing your views on ISDS.
- (b) (5) [REDACTED]  
[REDACTED] But as I said in my recent Hill testimony, I'm sympathetic to many of the concerns about ISDS expressed by critics of our practice, including the Teamsters.
- No decision has been made at this point on ISDS. We are in the process of exploring with Congress how to achieve the right balance between protecting U.S. investors abroad and protecting U.S. sovereignty.

## Government Procurement

- *If asked about dropping government procurement obligations from NAFTA:*
  - I am taking a close look at all of our government procurement obligations, including NAFTA, and I am committed to ensuring the obligations work for the United States.
  - In addition to the NAFTA comment process, we hope to gain important insight from the assessments conducted pursuant to the Executive Order on Buy American, Hire American regarding the impact of the GPA and the procurement chapters of relevant FTAs on the enforcement of U.S. Buy American Laws.

## Currency Manipulation

- Trade Promotion Authority (TPA) establishes principal negotiating objectives with respect to unfair currency practices. (b) (5) [REDACTED]

[APG]

(b) (5)



- As you may be aware however, the Treasury Department is responsible for currency issues, regarding efforts to address exchange rates through our bilateral and international engagements and in the context of our trade agreements.

###

[APG]

## **NAFTA NEGOTIATION OBJECTIVES**

### **TOPLINE:**

President Trump continues to fulfill his promise to renegotiate NAFTA to get a better deal for all Americans. The NAFTA negotiating objectives have been developed in consultation with Congress and the American people. The objectives are starting points to renegotiate NAFTA for balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.

### **GENERAL NAFTA TALKING POINTS:**

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.
- Some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access. Meanwhile, other Americans have been hurt by closed factories, exported jobs and work skills, and broken political promises.
- Under NAFTA, American manufacturing have taken a particularly hard hit. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans.
- NAFTA should be modernized to reflect 21<sup>st</sup> century standards, including an additional chapter to accommodate the expansive growth of the digital economy.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and service providers.
- This is the first time that a modern U.S. free trade agreement has been renegotiated, despite years of promises by politicians to fix NAFTA.

### **NAFTA OBJECTIVES TALKING POINTS:**

- On July 17, the Trump Administration released a summary of its objectives for the renegotiation of the North American Free Trade Agreement (NAFTA).
- For the first time, USTR has included deficit reduction as a specific objective for the NAFTA negotiation.



- The objectives released today make it clear that the Administration seeks to apply the highest standards covering the broadest possible range of goods and services to ensure free and fair trade among the countries of North America.
- Objectives for NAFTA include, among others:
  - Addressing the United States' persistent trade imbalances in North America and obtaining reciprocal market access
  - Eliminating unfair subsidies, market-distorting practices by state-owned enterprises, and burdensome restrictions on intellectual property
  - Updating provisions throughout the Agreement to support U.S. manufacturing
  - Expanding market access for U.S. agriculture
  - Adding a digital economy chapter
  - Incorporating and strengthening labor and environment side agreements
  - Calling for the establishment of appropriate mechanisms to combat currency manipulation
  - Strengthening trade remedies, including the ability of the United States to enforce rigorously its trade laws
- The objectives reflect months of consultations with bipartisan Congressional committees, and apply the standards that Congress set out in the 2015 Bipartisan Congressional Trade Priorities and Accountability Act.

#### PROMISES TALKING POINTS:

- In June 2016, then-candidate Donald J. Trump made a promise to the American people: he would renegotiate NAFTA or take us out of the agreement.
  - **Mr. Trump:** I'm going tell our NAFTA partners that I intend to immediately renegotiate the terms of that agreement to get a better deal for our workers. And I don't mean just a little bit better, I mean a lot better. If they do not agree to a renegotiation, then I will submit notice under Article 2205 of the NAFTA agreement that America intends to withdraw from the deal. (Transcript Excerpt of Speech, June 28, 2016, Monessen, PA, Speaker: Donald J. Trump)
  - As President, he immediately started work to fulfill that promise. The first consultations with Congress over NAFTA renegotiation began just a few weeks



after the President took office, followed by a formal notification to Congress from his U.S. Trade Representative on May 18, 2017.

- As candidates, both Hillary Clinton and Barack Obama promised to renegotiate NAFTA or withdraw, but President Trump is the first to fulfill that promise.
  - **Sen. Clinton:** I have said that I will renegotiate NAFTA, so obviously you'd have to say to Canada and Mexico that that's exactly what we're going to do [ . . . ] I'm confident that as president, when I say we will opt out, unless we renegotiate, we will be able to renegotiate. (Transcript Excerpts of the Democratic Primary Debate, February 26, 2008, Cleveland, OH, Moderator: Tim Russert)
  - **Sen. Obama:** I will make sure that we renegotiate in the same way that Senator Clinton talked about, and I think actually Senator Clinton's answer on this one is right. I think we should use the hammer of a potential opt-out as leverage to ensure that we actually get labor and environmental standards that are enforced. (Transcript Excerpts of the Democratic Primary Debate, February 26, 2008, Cleveland, OH, Moderator: Tim Russert)

#### PROCESS TALKING POINTS:

- On May 18, 2017, President Trump became the first American president to begin the process of renegotiating a comprehensive free trade agreement like NAFTA. At the direction of the President, on this day the U.S. Trade Representative informed Congress that the President intends to renegotiate NAFTA.
- This notice started a 90-day consultation period with Congress, stakeholders and the public before negotiations begin with NAFTA partners. Negotiations can begin no sooner than August 16, 2017.
- Under the 2015 Bipartisan Congressional Trade Priorities and Accountability Act (TPA), USTR is required to publish objectives for the negotiations at least 30 days before formal trade negotiations begin.
- Importantly, the objectives were developed through extensive consultations with Congress, stakeholders, and the public at large, including:
  - Dozens of meetings and discussions with congressional committees, Members and staff.
  - Over 12,000 public comments received through USTR's invitation for public input.
  - 3 days of public hearings, totaling over 25 hours, during which more than 140 witnesses testified on any area of interest or concern related to NAFTA.

- President Trump and his Administration are listening to the American people. All of their input has been considered carefully in developing the objectives and will guide our negotiations with Canada and Mexico.
- The Trump Administration will continue to consult with Congress, stakeholders, and the public, and the objectives will be updated periodically as negotiations advance.

### **Q&As**

#### **Q: Why is the Administration renegotiating NAFTA and what are its priorities?**

A: NAFTA went into force over 23 years ago, and since that time, the U.S. economy and U.S. businesses have changed considerably. Notably, the U.S. trade deficit has increased dramatically. Some sectors of the economy have gained, but others sectors, such as manufacturing, have been harmed. The President is committed to a fair deal for all Americans by improving market access in Canada and Mexico for U.S. manufacturing, agriculture, and services.

#### **Q. When do you intend to begin the negotiation with Canada and Mexico?**

A. The 2015 Bipartisan Congressional Trade Priorities and Accountability Act mandates that negotiations cannot begin until at least 30 days after the negotiating objectives are published. Since the objectives were published on July 17, the negotiations can commence as soon as August 16.

#### **Q. Where will the first meeting take place?**

A. The first meeting will be held in the United States. In the coming days, USTR will announce the arrangements of the first round of negotiations.

#### **Q. When do you expect to conclude the negotiations?**

A. There is no conclusion date outlined in law or by the negotiating parties. The Administration remains committed to conducting the negotiations as quickly as possible consistent with achieving a better deal for America's workers, farmers, ranchers, and businesses.

#### **Q: How does the 90-day consultation period with the Congress work?**

A: We are following the procedures set out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA), which requires ongoing consultations with Congress to ensure that USTR has the latest views of Congress as we develop negotiating positions.

**Q: Have you started engaging with Canadian and Mexican officials yet? What has been discussed?**

A: Under the TPA, we cannot begin formally negotiating with Canada and Mexico until the 90-day period has ended. However, there have been high-level, general discussions about NAFTA and the need to renegotiate. Canada and Mexico have made clear they are also interested in modernizing NAFTA and have begun their own domestic consultation processes.

**Q: Will there be separate bilateral agreements with Mexico and Canada, or will the Administration retain the trilateral structure of the NAFTA?**

A: The Administration intends to begin negotiations using the current trilateral structure of NAFTA - although some elements will be negotiated bilaterally, as in the original NAFTA.

**Q: How will you ensure that trade is not disrupted during the negotiations?**

A: The Administration is committed to maintaining U.S. exports of goods and services and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers.

**Q: How were the negotiating objectives developed?**

A: USTR developed the objectives in close consultation with Congress, stakeholders, and the American people. Through a Federal Register notice, USTR received over 12,000 public comments and heard from over 140 witnesses during three days of public hearings. All interested parties have had the opportunity to present their views regarding the negotiations.

**Q. During the public hearing on NAFTA negotiating objectives, witnesses from virtually all sectors of the business community supported the NAFTA and urged the Administration to “do no harm” in its negotiations with Canada and Mexico. How do you intend to change the NAFTA, without undermining what many businesses feel is a successful agreement?**

A. The clear consensus of the U.S. business community is that NAFTA needs to be reviewed and updated. It entered into force over 23 years ago and does not address key segments of the modern global economy, especially digital trade. In addition, NAFTA needs to be improved in a number of other important areas, such as intellectual property rights, state-owned enterprises, rules of origin, and customs procedures.



**Q. President Trump has criticized the U.S. trade deficit with Mexico. How will renegotiating the NAFTA affect the deficit?**

A. The Administration is currently reviewing the nature and causes of our trade deficits with a number of countries, including Mexico. Achieving a more balanced trade relationship with Mexico is one key goal as we renegotiate the NAFTA.

**Q. The negotiating objectives appear to be very similar to/almost identical to those that were leaked to the press earlier this year. And they are very close to the TPP Agreement, which President Trump withdrew from in January. How are your objectives for the NAFTA different from those of the TPP?**

A. The objectives that Congress has set out for trade negotiations are contained in the “Bipartisan Congressional Trade Priorities and Accountability act of 2015” – or TPA. That bill also sets out other procedural and substantive requirements, including publication of negotiating objectives.

Since the new NAFTA negotiations and the prior TPP negotiations were both subject to the same TPA requirements, the summaries and any resulting agreements will cover many of the same matters. However, this Administration believes that we should learn from, and build on, earlier negotiated outcomes, particularly those that included our NAFTA partners. While the TPP did not meet the President’s high standard, there are provisions in the TPP that goes well beyond NAFTA. Some of those provisions are a good starting point for negotiations, but we will also work hard to secure a stronger outcomes that better address the needs of the United States.

**Q. When the Obama Administration published the detailed summary of its negotiating objectives for the TPP, it was much longer. Your summary is less than 20 pages. Why are the NAFTA objectives significantly shorter?**

A. The summary reflects Congress’ priorities, as established in the 2015 Bipartisan Congressional Trade Priorities and Accountability Act (TPA), as well as the extensive input of the broad range of the interested American public. It covers all subject areas reflected in modern trade agreements and identifies specific negotiating objectives for each likely chapter.

Further, TPA became law in 2015, after much of TPP was negotiated. Consequently, the TPP negotiating objectives reflected many of the outcomes, not the beginning, of negotiations.

###

## MEETING: RICHARD TRUMKA, PRESIDENT OF THE AFL-CIO

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** LEWIS KARESH, AUSTR FOR LABOR  
**DATE:** JULY 18, 2017

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### EXECUTIVE SUMMARY

(b) (5)



### DETAILS

**Date** July 20, 2017  
**Time** 4:00 PM  
**Location** Winder 207  
**Logistics**

### ATTENDEES

**USTR**  
[Jamieson Greer, Chief of Staff]

**AFL-CIO**  
Richard Trumka, AFL-CIO President  
[Celeste Drake, AFL-CIO Trade Policy  
Advisor]  
[Cathy Feingold, AFL-CIO International  
Director]

### BACKGROUND / AREAS OF INTEREST

- NAFTA 2.0:

(b) (5)



(b) (5)



Drafted by: Carlos Romero, DAUSTR for Labor  
Cleared by: J. Bernstein, J. Kemp, L. Mandell, D. Bahar, S. Pietan, D. Shackleford, D. Watson  
OGC approval: A. Winborne  
FO approval:



(b) (5) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(b) (5) [REDACTED]

- (b) (5) [REDACTED]

- (b) (5) [REDACTED]

[APG]

- (b) (5) [REDACTED]

## BIOGRAPHICAL INFORMATION



**Richard Trumka**  
*President*  
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

- Richard Trumka was elected president of the AFL-CIO in September 2009, succeeding the retiring John Sweeney who served for fourteen years. Born in Nemacolin, Pennsylvania, Trumka was elected to the AFL-CIO Executive Council in 1989.
- Trumka is a graduate of Pennsylvania State University and holds a law degree from Villanova University Law School. He previously served as president of the United Mineworker, and is a member of the Labor Advisory Committee.
- The AFL-CIO is the largest federation of unions in the United States, with fifty-six national and international unions, that represent over 12 million active and retired workers.

## TALKING POINTS

### NAFTA

#### *Labor*

- I am committed to ensuring that our trade agreements strengthen our trading partners' labor standards, and in NAFTA we will incorporate labor obligations into the core of the agreement rather than in a side agreement.
- We will also ensure that the labor obligations are subject to the same dispute settlement mechanisms and trade sanctions as the rest of the agreement, and I look forward to working with you in this area.

[APG]

- *If raised* (b) (5)

### *Rules of Origin*

- I am committed to updating and strengthening the Rules of Origin in the NAFTA, as needed, to make sure that U.S. producers and workers are the beneficiaries of NAFTA's market access commitments.
- We thank you for some of the specific recommendations that you and other unions have made to improve the rules; we are especially interested in the additional analysis mentioned in AFL-CIO's submission.
- We would also be interested in hearing your response to the submissions from the auto producers who have contradicted your views, arguing that tighter rules will hurt, not help U.S. jobs and employment.
- I look forward to working with you as well on how we can improve enforcement of the rules to stop potential duty evasion. (b) (5)

[APG]

(If pressed) (b) (5)

[REDACTED]

[REDACTED]

### **Investor-State Dispute Settlement (ISDS)**

- (b) (5) [REDACTED] But as I said in my recent Hill testimony, I'm sympathetic to many of the concerns about ISDS expressed by critics of our practice, including the Teamsters.
- No decision has been made at this point on ISDS. We are in the process of exploring with Congress how to achieve the right balance between protecting U.S. investors abroad and protecting U.S. sovereignty.

### **Government Procurement**

*If asked about dropping government procurement obligations from NAFTA:*

- I am taking a close look at all of our government procurement obligations, including NAFTA, and I am committed to ensuring the obligations work for the United States.
- In addition to the NAFTA comment process, we hope to gain important insight from the assessments conducted pursuant to the Executive Order on Buy American, Hire American regarding the

[APG]



impact of the GPA and the procurement chapters of relevant FTAs on the enforcement of U.S. Buy American Laws.

### **Currency Manipulation**

- Trade Promotion Authority (TPA) establishes principal negotiating objectives with respect to unfair currency practices.
- The Administration has submitted its negotiating objectives to Congress consistent with TPA, providing that the Administration will ensure, through an appropriate mechanism, that the NAFTA countries avoid manipulating exchange rates in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage.
- As you may be aware however, the Treasury Department is responsible for currency issues, regarding efforts to address exchange rates through our bilateral and international engagements and in the context of our trade agreements.

### **China/ Steel and Aluminum Excess Capacity**

- We are committed to find effective means to address the excess capacity problem in steel, aluminum and other sectors.
- We were pleased that G20 countries came together and that the Global Forum on Steel Excess Capacity now has a date by which G20 countries expect tangible and swift policy action – November 2017.
- China itself has not taken decisive action. It has been engaged in delaying tactics and has made verbal commitments to cut steel capacity, while it has actually been increasing production and restarting older facilities.
- We pressed China again for progress on reducing excess steel and aluminum capacity when we met with Chinese officials at the Comprehensive Economic Dialogue yesterday.

[APG]

- On the Section 232 investigations, Commerce is running the process. We encourage you to work with Secretary Ross and his staff to make your views known about the investigation.
- At the same time, as the President reviews options for action, we are listening to all stakeholders as we look for effective ways to address the steel and aluminum challenges.

## **Trade Enforcement**

- For many years, China has failed to address the harm to U.S. companies that flows from a wide-range of Chinese policies and practices, including excess capacity, forced technology transfer and intellectual property rights infringement, among others.
- To address these challenges, we cannot rely solely on dialogue. I can assure you that enforcement will be a key component of our strategy as we work to ensure that China and other key trade partners play by the rules and open their markets more fully to international competition.

## **OECD, *if raised***

- (b) (5) [REDACTED]
- [REDACTED]

###

[APG]

**TO: USTR ROBERT LIGHTHIZER**  
**FROM: BILL JACKSON, AUSTR FOR TEXTILES**  
**DATE: July 21, 2017**

The National Council of Textile Organizations (NCTO) is the leading trade association in the textile industry. Its 150 members are concentrated in the fiber, yarn, fabric, and non-apparel sewn products sectors. NCTO leadership requested the meeting to brief you on the state of the domestic textile industry and the industry's views on trade policy, especially NAFTA. (b) (5)

<b>USTR</b>	<b>NCTO</b>
Bill Jackson	Bill McCrary - Chairman & CEO, Barnet & Son (NCTO Chair)
	Marty Moran - CEO, Buhler Quality Yarns (NCTO Vice-Chair)
	Jeff Price, President, Performance & Protective Textiles Division, Milliken & Company
	Andy Warlick - President & CEO, Parkdale Mills
	David Hastings – President & CEO, Mt. Vernon Mills
	Augustine Tantillo - President, NCTO

- (b) (5)



- (b) (5)

## BIOGRAPHICAL INFORMATION



**Bill McCrary**  
*NCTO  
Chair  
President  
& CEO,  
Barnet &  
Son*

Barnet is a synthetic fibers/yarn/polymers company based in Spartanburg, South Carolina, with a presence in the Americas, Europe and Asia. McCrary has been CEO since 2001 and with the company in a variety of responsibilities since 1970. His one-year term as NCTO Chair began in February 2017.



**Marty Moran**  
*NCTO  
Vice  
Chair  
CEO,  
Buhler  
Quality  
Yarns*

Buhler Quality Yarns, a subsidiary of a Swiss firm with operations in Jefferson, Georgia, is the leading supplier of fine-count yarns in the United States. Moran has extensive experience in manufacturing and previously served as CEO of RadiciSpandex, a chemical and synthetic fiber producer.



**Jeff Price**  
*President,  
Milliken  
& Co.*

Milliken, based in Spartanburg, South Carolina, is a privately-held technology-based company with businesses in the performance material, floor covering, and chemical markets. It has manufacturing facilities in the United States, Europe, and China. Price has been with Milliken since 1979.



**Andy Warlick**  
*President  
& CEO,  
Parkdale  
Mills*

Parkdale, based in Gastonia, North Carolina, is the world's largest privately-held producer of cotton and cotton-blend yarns, with operations in six states, as well as Mexico, Honduras, El Salvador, Dominican Republic, and Colombia. Warlick joined Parkdale in 1984.



**David Hastings**  
*CEO, Mt.  
Vernon  
Mills*

Mount Vernon Mills, Inc. is a diversified manufacturer of textile products, based in Mauldin, South Carolina and with production in five states. Hastings has been with Mount Vernon for 31 years. He is on the Board of Directors of the National Cotton Council and is a past Chairman of NCTO.



**Augustin e**

Tantillo has led NCTO since 2013. He is past Executive Director of the American Manufacturing Trade Action Coalition and previously served as Deputy Assistant Secretary of Commerce



## BIOGRAPHICAL INFORMATION

**“Auggie”  
Tantillo** for Textiles & Apparel under President George H. W. Bush, and  
President Chief of Staff to U. S. Senator Strom Thurmond.  
& CEO,  
*NCTO*

Drafted by: BJackson

Cleared by: JMelle

OGC approval: CSmothers

FO approval:

## TALKING POINTS

- Appreciate your support for the Administration’s trade policy, including the renegotiation of NAFTA.

- (b) (5) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

###

**MEETING: DENNIS WILLIAMS, PRESIDENT OF UNITED AUTO WORKERS**

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** LEWIS KARESH, AUSTR FOR LABOR  
**DATE:** JULY 21, 2017

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**EXECUTIVE SUMMARY**

(b) (5)



**DETAILS**

**Date** July 25, 2017  
**Time** 11:00 AM  
**Location** Winder 207  
**Logistics**

**ATTENDEES**

**USTR**  
[Jamieson Greer, Chief of Staff]

**UNITED AUTO WORKERS**  
Dennis Williams, UAW President  
[Josh Nassar, Legislative Director]

**BACKGROUND / AREAS OF INTEREST**

- NAFTA 2.0:

(b) (5)



Drafted by: Carlos Romero, DAUSTR for Labor  
Cleared by: J. Bernstein, J. Kemp, L. Mandell, D. Bahar, S. Pietan, D. Watson  
OGC approval: A. Winborne  
FO approval:

○ (b) (5)

○ (b) (5)

(b) (5) problems with the Guatemala labor case, especially on the issue of “manner affecting trade”.

• (b) (5)

■

#### BIOGRAPHICAL INFORMATION



**Dennis Williams**  
*President*  
UAW  
(International Union, United Automobile, Aerospace and Agricultural Implement Workers of America)

- Mr. Williams was elected UAW president in June 2014 at the union’s 36th convention, and previously served as the union’s secretary-treasurer. He is a member of the Labor Advisory Committee.
- Williams is a United States Marine Corp veteran, and joined UAW Local 806 in 1977 at J.I. Case where he was a salvage welder. He was elected to the bargaining committee and as chairman.
- The UAW has over 400,000 active members and more than 580,000 retired members in the United States, Canada and Puerto Rico, in manufacturing, state and local governments, higher education, hospitals and private non-profit organizations.

Attachments: AFL-CIO comments on NAFTA modernization

[APG]

## TALKING POINTS

### NAFTA

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[APG]



interested in the additional analysis mentioned in the AFL-CIO's submission.

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- (b) (5)

*(If pressed)* (b) (5)

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[APG]

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[APG]

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[APG]

- At the same time, as the President reviews options for action, we are listening to all stakeholders as we look for effective ways to address the steel and aluminum challenges.

###

[APG]



## Trade Talking Points/Q&A

### Regional Media Day – 7.21.17

#### ‘MADE IN AMERICA’ TOPLINE:

President Trump is taking aggressive action to support companies and products that are made in America. As a part of that agenda, USTR is leading the effort to hold our trading partners accountable and negotiate better trade deals for the American people.

#### ‘MADE IN AMERICA WEEK TALKING POINTS:

- President Trump has made it a priority to defend the U.S. jobs that produce goods and services, and I’m honored to support the President in that effort by negotiating better trade deals for the American people.
- For too long, we’ve seen businesses closing their doors and Americans losing their jobs, some as a result of unbalanced trade deals and unfair trading practices.
- It’s time for that to change.
- Our goal is to negotiate free and fair trade deals that break down barriers and open markets for American goods and services that support high-paying jobs and help grow the U.S. economy.

.....

#### TRUMP ADMINISTRATION TRADE ACCOMPLISHMENT: FIRST 6 MONTHS:

- **President Trump Withdrew from the Trans-Pacific Partnership. (January 23).** On the first business day of the Trump Administration, the President immediately reversed U.S. trade policy by withdrawing from the Trans-Pacific Partnership. With this action, President Trump fulfilled a key promise to the American people.
  - **Why TPP was a bad deal:**
  - Auto rules of origin would have allowed China to manufacture substantial share of the car and effectively trans-ship through Vietnam or other countries.
  - Disciplines on State-Owned Enterprises were weak, would have allowed most SOEs not to be disciplined.
  - Senate Finance Committee concerned that the Obama Administration made a political decision to strictly enforce labor provisions, and include weaker enforcement for Intellectual Property.

[APG]

- **President Trump Began the Process for North American Free Trade Agreement (NAFTA) Renegotiation. (February 2 - Present).** Fulfilling another key promise to the American people, President Trump quickly went to work to initiate a renegotiation of NAFTA. After the required notification and consultation periods with Congress and the public, the Administration will hold the first round of formal negotiations on August 16, the first possible day to negotiate under the law.
- **President Trump Has Expanded Market Access Around the Globe. (Six Months).** A few examples:
  - **USTR Expanded U.S. Poultry Exports to Guatemala.** USTR negotiated an agreement with Guatemala to eliminate certain poultry tariffs four and half years earlier than originally planned, benefitting U.S. poultry exporters and expanding trade for U.S. agriculture producers.
  - **The Trump Administration Achieved a Major Breakthrough in U.S. Citrus Exports to Europe.** The EU dropped its requirement that U.S. groves be surveyed for citrus canker, which eases entry of U.S. citrus into the EU market and saves growers millions of dollars in production costs. This action removes a longstanding and unfair barrier and will help return U.S. citrus exports to the EU to the levels we had a decade ago.
  - **The Trump Administration Has Re-Opened U.S. Beef Exports to China.** After shutting out U.S. beef exports over 13 years ago, China has now taken steps to start allowing in U.S. beef. The President's firm commitment to fair trade that benefits the United States has made this new U.S. beef export opportunity possible.
- **President Trump Ordered a Review of Existing Trade Agreements. (April 29).** Fulfilling yet another key promise to the American people on trade, the President signed an executive order tasking USTR and the Department of Commerce with conducting a performance review with 180 days of all of our existing international trade and investment agreements. We're in the process of this review right now, and this review will help highlight where the United States needs more fair and reciprocal trade. Also under this order, we will take every appropriate and lawful action to address violations or abuses of trade law.
- **President Trump Has Established New Trade Dialogues with Top U.S. Trading Partners to Build More Fair and Free Trade. (Six Months).** A few examples:
  - **US-UK Trade and Investment Working Group.** We've just concluded our first meeting of this working group to strengthen our bilateral trade and investment relationship. The early discussions will focus on laying the groundwork for commercial continuity for U.S. and U.K. businesses as the U.K. leaves the EU, and provide a mechanism for preparing for a potential future trade agreement.

[APG]

- **US-Japan Economic Dialogue.** On April 18, the Vice President announced with Japanese Deputy Prime Minister Taro Aso the U.S.-Japan Economic Dialogue, including a focus on breaking down trade barriers and building a stronger and more balanced bilateral trade relationship.
- **US-EU Action Plan on Trade.** On May 25, President Trump and the European Union leaders agreed to establish a joint action plan on trade. The United States looks to strengthen trade cooperation, expand U.S. exports, and address unfair trade practices.

## ..... NAFTA

### NAFTA TOPLINE:

President Trump continues to fulfill his promise to renegotiate NAFTA to get a better deal for all Americans. Through the renegotiation of NAFTA, the Trump Administration will seek a much better agreement that reduces the U.S. trade deficit and is fair for all Americans by improving market access in Canada and Mexico for U.S. manufacturing, agriculture, and services.

### GENERAL NAFTA TALKING POINTS:

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.
- Some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access. Meanwhile, other Americans have been hurt by closed factories, exported jobs, and broken political promises.
- Under NAFTA, American manufacturing has taken a particularly hard hit. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans.
- Since NAFTA was implemented in 1994, the U.S. bilateral goods trade balance with Mexico has gone from a \$1.3 billion surplus to a \$64 billion deficit in 2016. Market access issues have arisen in Canada with respect to dairy, wine, grain and other products — barriers that the current agreement is unequipped to address.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and service providers.

[APG]



- This will be the first time that a modern U.S. free trade agreement has been renegotiated, despite years of promises by politicians to fix NAFTA.

#### **NAFTA OBJECTIVES TALKING POINTS:**

- On July 17, USTR released a summary of its objectives for the renegotiation of the North American Free Trade Agreement (NAFTA).
- For the first time, USTR has included deficit reduction as a specific objective for the NAFTA negotiation.
- The objectives released make it clear that the Administration seeks to apply the highest standards covering the broadest possible range of goods and services to ensure free and fair trade among the countries of North America.
- Objectives for NAFTA include, among others:
  - Addressing the United States' persistent trade imbalances in North America and obtaining reciprocal market access
  - Eliminating unfair subsidies, market-distorting practices by state-owned enterprises, and burdensome restrictions on intellectual property
  - Updating provisions throughout the Agreement to support U.S. manufacturing
  - Expanding market access for U.S. agriculture
  - Adding a digital economy chapter
  - Incorporating and strengthening labor and environment side agreements
  - Calling for the establishment of appropriate mechanisms to combat currency manipulation
  - Strengthening trade remedies, including the ability of the United States to enforce rigorously its trade laws
- The objectives reflect months of consultations with bipartisan Congressional committees, and apply the standards that Congress set out in the 2015 Bipartisan Congressional Trade Priorities and Accountability Act.

[APG]



## NAFTA PROCESS TALKING POINTS:

- On May 18, 2017, President Trump became the first American president to begin the process of renegotiating a comprehensive free trade agreement like NAFTA. At the direction of the President, on this day I informed Congress that the President intends to renegotiate NAFTA.
- This notice started a 90-day consultation period with Congress, stakeholders and the public before negotiations begin with NAFTA partners. The first round of negotiations is now scheduled to begin on August 16, the first possible day to negotiate under statute.
- Under the 2015 Bipartisan Congressional Trade Priorities and Accountability Act (TPA), USTR is required to publish objectives for the negotiations at least 30 days before formal trade negotiations begin. We released these objective on July 17.
- Importantly, the objectives were developed through extensive consultations with Congress, stakeholders, and the public at large, including:
  - Dozens of meetings and discussions with congressional committees, Members and staff.
  - Over 12,000 public comments received through USTR's invitation for public input.
  - 3 days of public hearings, totaling over 25 hours, during which more than 140 witnesses testified on any area of interest or concern related to NAFTA.
- President Trump and his Administration are listening to the American people. All of their input has been considered carefully in developing the objectives and will guide our negotiations with Canada and Mexico.
- The Trump Administration will continue to consult with Congress, stakeholders, and the public, and the objectives will be updated periodically as negotiations advance.

.....

## QUESTIONS & ANSWERS

### **Q: Why is the Administration renegotiating NAFTA and what are its priorities?**

A: NAFTA went into force over 23 years ago, and since that time, the U.S. economy and U.S. businesses have changed considerably. Notably, the U.S. trade deficit has increased dramatically. Some sectors of the economy have gained, but others sectors, such as manufacturing, have been harmed. The President is committed to a fair deal for all Americans by improving market access in Canada and Mexico for U.S. manufacturing, agriculture, and services.

[APG]

**Q: According to the objectives, what does the Administration hope to accomplish?**

A: The Administration hopes to secure a better deal for the American people that includes reciprocal access to markets, expanded access to markets for our farmers and ranchers and a modernized agreement that reflects a 21<sup>st</sup> century digital economy. We also want a deal that holds our trading partners accountable against currency manipulation and violations of intellectual property rights.

**Q. Many sectors of the business community support the NAFTA and urged the Administration to “do no harm” in its negotiations with Canada and Mexico. How do you intend to change the NAFTA, without undermining what many businesses feel is a successful agreement?**

A. The clear consensus of the U.S. business community is that NAFTA needs to be reviewed and updated. It entered into force over 23 years ago and does not address key segments of the modern global economy, especially digital trade. In addition, NAFTA needs to be improved in a number of other important areas, such as intellectual property rights, state-owned enterprises, rules of origin, and customs procedures.

**Q: President Trump has approached trade policy with an “America First” mentality, what does this mean and how can it be achieved.**

A: The Administration is committed negotiating better trade deals for American workers – farmers, ranchers and businesses. We must work to open existing markets to American goods and services and break down trade barriers – all while holding our trading partners accountable with issues like intellectual property protections.

**Q: Are there plans to renegotiate any of our other existing agreements?**

A: Examining our trade agreements to ensure they reflect the interests of the American worker is vitally important. In today’s expansive digital economy, the U.S. must modernize our trading practices to meet 21<sup>st</sup> century standards to keep American competitive around the globe.

**Q: President Trump has stated he wants to pursue bilateral trade agreements. Is the U.S. considering bilateral agreements with other nations? If so, which countries?**

A: President Trump has expressed great interest in negotiating bilateral agreements that are free and fair for America. Agreements that create high-paying jobs and increase market access are great for the American worker and help to spur economic growth for both nations involved.

###

[APG]

**MEETING: EVAN GREENBERG, CHAIRMAN AND CEO OF CHUBB**

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** DANIEL BAHAR, AUSTR for SERVICES & INVESTMENT  
**DATE:** AUGUST 10, 2017

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**EXECUTIVE SUMMARY**

(b) (5)



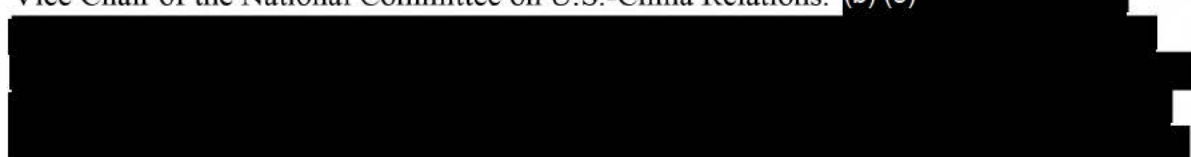
**DETAILS**

**Date** August 14, 2017  
**Time** 11:00 AM  
**Location** Winder 203

**ATTENDEES**

<b>USTR</b>	<b>Chubb</b>
You	Evan Greenberg, Chairman and CEO
Daniel Bahar, AUSTR for Services and Investment	
Ann Main, Senior Director for China Affairs	

**BACKGROUND / AREAS OF INTEREST**

- Chubb is the largest commercial lines insurer in the U.S., with 15,000 employees in addition to brokers and agents, and the world's largest publicly traded property and casualty insurer with operations in 54 countries. Chubb offers a full range of traditional and specialty products for businesses of all sizes, including providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients.
  - Greenberg is currently serving as Chair of the U.S.-China Business Council (USCBC) and Vice Chair of the National Committee on U.S.-China Relations. (b) (5)
- 

Drafted by: Sarah Ellerman  
Cleared by: Barbara Weisel, Ann Main, Daniel Watson  
OGC approval: Courtney Smothers  
FO approval:

(b) (5)

- (b) (5)

- (b) (5)

- (b) (5)

- (b) (5)

Drafted by: Sarah Ellerman  
Cleared by: Barbara Weisel, Ann Main, Daniel Watson  
OGC approval: Courtney Smothers  
FO approval:



## BIOGRAPHICAL INFORMATION



**Evan  
Greenberg**  
*Chairman  
and CEO*

- Prior to ACE's acquisition of Chubb in January 2016, Mr. Greenberg was Chairman and Chief Executive Officer of ACE Limited and ACE Group. He was elected President and Chief Executive Officer in May 2004 and Chairman of the Board of Directors in May 2007.
- Prior to joining ACE in 2001 as Vice Chairman, Mr. Greenberg spent 25 years at American International Group, where he served as President and Chief Operating Officer from 1997 to 2000.
- Before that, Mr. Greenberg held a variety of senior management positions, including President and Chief Executive Officer of AIU, AIG's Foreign General Insurance organization, and Chief Executive Officer of AIG Far East, based in Japan.
- Mr. Greenberg serves on the Board of the Council of the Americas. He serves on the Board of Trustees of Rockefeller University and the Board of Directors of the Peterson Institute for International Economics. Mr. Greenberg is a member of the Center for Strategic & International Studies (CSIS) Southeast Asia Advisory Board, the Council on Foreign Relations, and the Atlantic Council's International Advisory Board. He is also an overseer of the International Rescue Committee.

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## Attachments

Attachment 1: Financial Times interview with Mr. Greenberg on August 6, 2017

Attachment 2: Letter from AUSTR Barbara Weisel to Bank Negara Malaysia, July 28, 2017

Attachment 3: NAFTA Testimony of Mr. Greenberg, House Ways and Means, July 18, 2017

Drafted by: Sarah Ellerman

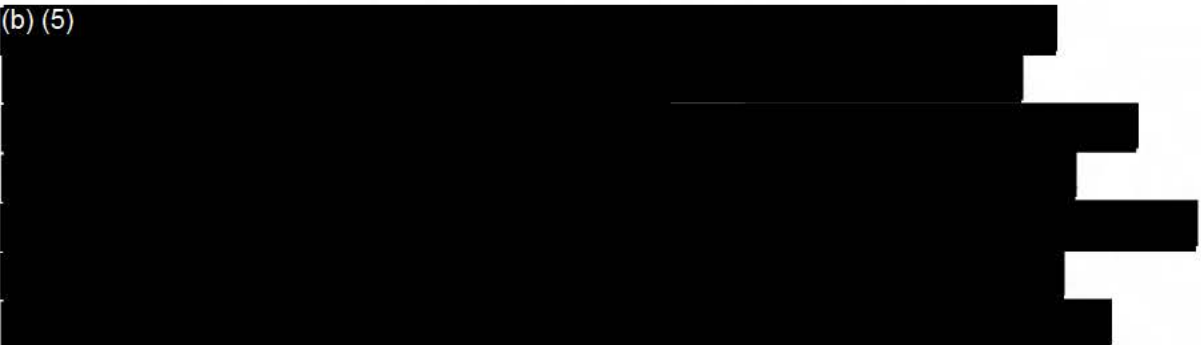
Cleared by: Barbara Weisel, Ann Main, Daniel Watson

OGC approval: Courtney Smothers

FO approval:

## TALKING POINTS

- This Administration is dedicated to seeking expanded trade and investment opportunities for financial service suppliers.
- On our overall China trade strategy, we are determined to make progress on a number of priority issues, including excess capacity, services sector market access, forced technology transfer and IPR protection. U.S. companies can compete when the playing field is level. We can't rely solely on dialogue to make such progress. Enforcement will be a key component of our strategy as we work to ensure that China plays by the rules and treats U.S. companies fairly.
- On China insurance sector market access, I will continue to seek opportunities to level the playing field for U.S. companies, including removal of the life insurance foreign equity cap and any other Chinese policies or practices that disadvantage U.S. companies.
- On the U.S.-EU Covered Agreement, thank you for your support. The Administration anticipates signing the Agreement soon. We believe that the Agreement strikes an important balance in protecting U.S. interests while increasing market opportunities for U.S. insurers.

- (b) (5)
- 

Drafted by: Sarah Ellerman  
Cleared by: Barbara Weisel, Ann Main, Daniel Watson  
OGC approval: Courtney Smothers  
FO approval:

- In the NAFTA renegotiation, we will seek high level, comprehensive commitments, including in the financial services sector.
  - If raised – NAFTA ISDS: On ISDS, we are still considering the best policy going forward. But I can share with you that I have some concerns about the traditional U.S. approach, and we are considering a range of options and alternatives.
  - If raised – NAFTA government procurement: Government procurement is an area where we will be seeking to ensure that NAFTA comports with overall Administration priorities, including maintaining appropriate Buy America policies.

Drafted by: Sarah Ellerman  
Cleared by: Barbara Weisel, Ann Main, Daniel Watson  
OGC approval: Courtney Smothers  
FO approval:



## NAFTA Talking Points

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- NAFTA came into effect in 1994. 23 years have passed and trade has transformed in ways NAFTA is not currently equipped to deal with. It is time to bring NAFTA into the 21<sup>st</sup> Century.
- The President is concerned with our large and persistent trade deficits with our trading partners. The renegotiation of NAFTA offers an opportunity to address this problem.
- This Administration is committed to implementing specific improvements that will strengthen the North American market, support large and small businesses, and do no harm to current market access levels.
- Barriers that impede exports from American businesses must be removed, ensuring truly fair trade in the North American market and promoting an effective market system that facilitates balanced and reciprocal trade.
- We are committed to maintaining market access for U.S. agricultural producers and will work to create expanded opportunities for their exports and prosperity.
- We will seek measures to resolve challenges facing the intellectual property sector, strengthen enforcement measures and update digital trade provisions to enhance our countries' competitive advantages.
- We want to ensure that NAFTA contains enforceable, high-standard provisions on labor and the environment.
- Recognizing the importance of our services providers to the economy and trade, the new NAFTA will include provisions benefitting the services sector.
- We have consulted closely and with the public, stakeholders, and Congress leading up to renegotiations and will continue to do so throughout this process.



**TRILATERAL MEETING: CANADIAN FOREIGN MINISTER CHRYSTIA FREELAND AND MEXICAN SECRETARY OF ECONOMY ILDEFONSO GUAJARDO**

**TO:** USTR ROBERT LIGHTHIZER  
**FROM:** JOHN MELLE  
**DATE:** AUGUST 14, 2017

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**EXECUTIVE SUMMARY**

(b)(1), (b)(5)

[REDACTED]

**DETAILS**

**Date** August 16, 2017  
**Time** 1:30 PM  
**Location** 203 Winder  
**Logistics** None

**ATTENDEES**

Ambassador Lighthizer	Foreign Minister Chrystia Freeland
Jamieson Greer, Chief of Staff	[Jeremy Broadhurst, Chief of Staff
Stephen Vaughn, General Counsel	Ambassador David McNaughton
Payne Griffin, Deputy Chief of Staff	Deputy Ambassador Kirsten Hillman
John Melle, Chief Negotiator	Steve Verheul, Chief Negotiator
	Secretary of Economy Ildefonso Guajardo
	Juan Carlos Baker, Undersecretary of
	Economy
	Geronimo Gutierrez, Ambassador to US
	Ken Ramos Smith, Chief Negotiator
	]

**BACKGROUND / AREAS OF INTEREST**

Drafted by: MSmith  
Cleared by: SBomer, DShackleford, EKendall, DBahar, LYang, SPietanabaaa, CKopitopolous, JBernstein, LMandell, JMotwaine, VMrocckaCC  
OGC approval:  
FO approval:

## State-Owned Enterprises

September 2, 2017

### Background

(b) (5) [REDACTED]

### Talking Points

- We are all facing an enormous economic challenge from China. We need to stand together and set a standard that can be carried forward to address this challenge head on.
- Just as the existing NAFTA agreement was used as a model by others in the rest of the world, NAFTA 2.0 will also serve as a model.
- A TPP minus outcome for NAFTA 2.0 is simply unacceptable. And indeed, we must go beyond TPP.
- We have an opportunity to establish a robust set of rules designed to confront the very practices that have led to worldwide overcapacity in many of our key industrial sectors, such as steel and aluminum.
- Of course, we are not targeting your SOEs, and are open to addressing any legitimate defensive concerns you might have.

If (b) (5) [REDACTED] raised

- (b) (5) [REDACTED]

**MEETING: TIM MURPHY, GENERAL COUNSEL OF MASTERCARD**

**TO:** CHIEF OF STAFF JAMIESON GREER  
**FROM:** DANIEL BAHAR, AUSTR, SERVICES AND INVESTMENT  
**DATE:** SEPTEMBER 12, 2017

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**EXECUTIVE SUMMARY**

(b) (6)



**DETAILS**

**Date** September 13, 2017  
**Time** 1:00 PM  
**Location** Winder 203

**ATTENDEES**

**USTR**

Daniel Bahar  
Sarah Ellerman

**Mastercard**

Tim Murphy, General Counsel  
Tucker Foote, SVP, Head of North America  
Public Policy & Global Trade  
Sahra English, Vice President, Global Public  
Policy  
Jim Mendenhall, Sidley Austin

**BACKGROUND / AREAS OF INTEREST**

- Mastercard's brands include Mastercard, Maestro and Cirrus. Mastercard authorizes, clears and settles ("switches") transactions through its proprietary network for issuing banks in more than 150 currencies and in more than 210 countries and territories. Mastercard also provides value-added offerings such as safety and security products, information services and consulting, issuer and acquirer processing and loyalty and reward programs.

(b) (5)



Drafted by: Sarah Ellerman

Cleared by: Terry McCartin, Marta Prado, Mary Smith

OGC approval: Philip Chen, Will Martyn, Courtney Smothers

FO approval:

(b) (5)

A large rectangular area of the page is completely redacted with black ink. The redaction covers approximately 80% of the page's vertical space and most of its horizontal width. To the left of this redacted area, there are three small, vertically aligned black rectangular marks. The text "(b) (5)" is located at the top left corner of the redacted area.

[APG]



## TALKING POINTS

- In the NAFTA renegotiation, we will seek high level, comprehensive commitments, including in the financial services sector.
- For example, we intend to negotiate a strong commitment to allow data transfer and prohibit local storage requirements in the financial services sector, an issue that I know is important to Mastercard.
- We understand that you are hoping to see electronic payment services commitments (b) (5) [REDACTED], which would ensure national treatment and market access commitments for cross-border supply of the service. We generally discussed this idea with Mexico and Canada in Round 1 of the NAFTA renegotiations and are considering inclusion of these commitments for the NAFTA.
  - If raised – NAFTA ISDS: On ISDS, we are still considering the best policy going forward. But I can share with you that we have concerns about the traditional U.S. approach and are considering a range of options and alternatives.
- We continue to press China to ensure a transparent, objective, fact-based, and expeditious process in evaluating license applications for companies seeking to switch transactions in China. (b) (5) [REDACTED]
  - If needed: (b) (5) [REDACTED]
- On our overall China trade strategy, we are determined to make progress on a number of priority issues. U.S. companies can compete and win when the playing field is level. We can't rely solely on dialogue to make such progress. Enforcement will be a key component of our strategy as we work to ensure that China plays by the rules and treats U.S. companies fairly.

[APG]

- If raised – (b) (5)

- Regarding Indonesia's development of a National Payment Gateway, USTR raised concerns regarding the NPG in the recent TIFA meetings and followed up this month with relevant officials. We will continue to press Indonesia to allow international U.S. electronic payment service suppliers to continue to do business cross-border or to allow foreign investors to wholly own switching companies in Indonesia. (b) (5)

- As you are aware, we are engaged with Vietnam to ensure that Mastercard can continue to supply services in Vietnam. (b) (5)

[APG]

**EVENT: FINANCIAL SERVICES ROUNDTABLE  
FALL CONFERENCE DISCUSSION WITH CEOs**

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** DANIEL BAHAR, AUSTR FOR SERVICES & INVESTMENT  
**DATE:** SEPTEMBER 14, 2017

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**EXECUTIVE SUMMARY**

The Financial Services Roundtable invited you to participate in a conversation on the Administration's trade agenda and priorities with a group of CEOs during its Fall Conference (see attachment with list of attendees). You will give brief opening remarks to the group and then respond to a series of questions on the trade agenda that have been submitted in advance.

**DETAILS**

**Date:** September 15, 2017  
**Time:** 8:00-8:45 AM (arrive at 7:45 AM, greeted by Eric Hoplin, FSR Exec. Director)  
**Location:** The Mandarin Oriental, Oriental Ballroom C, 1330 Maryland Avenue SW  
**Press:** This event is off the record and closed to the press.

**ATTENDEES**

USTR	FSR
Jamieson Greer, COS	Governor Tim Pawlenty, FSR President and CEO
Payne Griffin, Deputy Chief of Staff	CEOs of FSR Member Companies (see list attached)
Daniel Bahar, AUSTR, Services and Investment	
Stewart Young, DAUSTR, IAPE	
Sarah Ellerman, Director, Services Trade	

**LINE-BY-LINE AGENDA:**

Introduction by Governor Pawlenty, followed by one-on-one conversation with Governor Pawlenty. Seating will be on lounge chairs with lavalier microphones.

**BACKGROUND / AREAS OF INTEREST**

- FSR serves as a leading advocacy association for the U.S. financial services industry, including banking, insurance, asset management, finance, and credit card companies.
- FSR and its members are interested to hear more on the Administration's trade priorities, including the Administration's approach to the NAFTA renegotiation, China trade strategy, and existing trade agreements, such as the U.S.-Korea Free Trade Agreement.

Drafted by: Sarah Ellerman

Cleared by: Daniel Watson (Western Hemisphere), Mary Smith (Western Hemisphere), Marta Prado (SE Asia and Pacific), Deena Magnall (Japan, Korea, and APEC), Ann Main (China)

OGC approval: Courtney Smothers (pending)

FO approval: C. Coughlin



## BIOGRAPHICAL INFORMATION



**Governor  
Tim  
Pawlenty**  
*President and  
CEO*  
Financial  
Services  
Roundtable

- Tim Pawlenty is the CEO of the Financial Services Roundtable, representing leading financial services companies in their efforts to protect the security, integrity and success of the U.S. financial system. As a former two-term Governor of Minnesota, he is a leader with significant executive experience having overseen a \$50 billion biennial budget, led 30,000 state employees, and managed 20 individual state agencies and departments.
- As Governor, his education, healthcare, and energy initiatives were widely viewed as among the most innovative in the nation. He served as chair of the National Governor's Association from 2007-2008 and chair of the Midwest Governor's Association from 2006-2007. While serving as chair of the Minnesota State Board of Investment, Governor Pawlenty provided oversight for over \$60 billion in investments.

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## ATTACHMENTS:

List of FSR Member Company CEOs attending

[APG]



## TALKING POINTS

### OPENING REMARKS

- Good Morning.
- During the first eight months of the Administration we have been pursuing policies that will rebalance American trade. That includes reducing our deficits and leveraging our economy to secure commitments, resolve trade impediments, and open markets to both goods and services.
- American services trade is flourishing, but we must act to ensure that the trade is both free and fair. We will continue to seek improved market access for services, and using all of our available tools when negotiations are unsuccessful.
- We have several sets of negotiations and enforcement actions of which I would like to briefly note.
- First, last week, we concluded the second round of the NAFTA renegotiations. Particularly with respect to services trade, we are seeking substantial improvements over the original agreement.
- For example, the U.S. will table high-level rules and market access commitments in the financial services sector. In addition, we plan to negotiate a strong commitment to allow cross-border data transfer and to prohibit local storage requirements in the financial services sector – an issue that I know is important to many FSR members.
- Second, in Asia, we are engaging with a number of governments to further trade and investment priorities for American companies, including, where necessary, to address trade deficits. In the financial services sector, for example, we continue to advocate for the elimination of foreign equity caps, given the need of many financial

[APG]

services suppliers to have a local presence due to regulatory requirements.

- Third, we are engaging bilaterally with Korea in order to address longstanding implementation concerns and to seek more balanced trade. The President has deep concerns about the U.S. - Korea Free Trade Agreement, he believes that the deal has not lived up to its promises. We are continuing to closely review and engage in discussions on this Agreement, while looking to Korea to address a broad range of issues and concerns.
- And finally, China. Some of you may know that during my time in the private sector, I frequently noted that China's rejection of market principals represents a grave threat to our economy. At USTR we are determined to make progress on a number of priority issues, including excess capacity, services sector market access, forced technology transfer and IPR protection.
- My overarching principal is simple. When the playing field is level, U.S. companies can compete and win. But unfortunately, there are too many examples of foreign governments trying to tip the scales against U.S. companies.
- When appropriate, this Administration is willing to rely on negotiations and enforcement actions to open markets and stand up for U.S. services firms.
- I look forward to working with FSR and its members to further the growth and competitiveness of U.S. financial services companies, which are an integral part of the U.S. economy.
- Thank you again for the opportunity to participate today. I look forward to a frank discussion.

[APG]

## MEETING: COALITION FOR PROSPEROUS AMERICA

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** STEWART YOUNG, DAUSTR FOR INTERGOVERNMENTAL  
AFFAIRS AND PUBLIC ENGAGEMENT  
**DATE:** SEPTEMBER 19, 2017

### EXECUTIVE SUMMARY

You are meeting with the Coalition for a Prosperous America (CPA) a bipartisan nonprofit organization that advocates for new trade policy. (b) (5)

[REDACTED]

Bios are attached.

### DETAILS

**Date** Thursday, September 21, 2017  
**Time** 2:00pm – 3:00pm  
**Location:** 203 Winder  
**Logistics:** Will come to USTR, and attendees will be submitted in advance.

### ATTENDEES

#### USTR:

Ambassador Lighthizer  
Jamieson Greer, Chief of Staff  
Payne Griffin, Deputy Chief of Staff  
Stewart Young, DAUSTR for IAPE

#### Coalition for Prosperous America:

-Zach Mottl: Atlas Tool; Lyons, IL  
-Bill Jones: Penn United; Cabot, PA  
-Dan DiMicco: CPA Chairman  
-Brian O'Shaughnessy: Revere Copper;  
Rome, NY  
-Bill Toler: Global Brass and Copper  
Holdings; Schaumburg, IL  
-Roddey Dowd: Charlotte Pipe; Charlotte, NC  
-Bill Parks: NRS; Moscow, ID  
-Marc Fasteau: CPA Board  
-Greg Owens: Sherill Manufacturing; Sherrill,  
NY  
-Nick Gonzalez-CEO of Westmet  
International  
-Michael Stumo: CEO of CPA  
-Paola Masman: Media Director of CPA  
-Jeff Ferry: Research Director of CPA  
-Jason Cooper: Research Assistant of CPA

### BACKGROUND

Drafted by: S. Young (IAPE)  
Cleared by:  
OGC approval:  
FO approval:



The Coalition for a Prosperous America is a nonprofit organization representing the interests of 4.1 million households through agricultural, manufacturing and labor members. Their board and membership includes Republicans, Democrats, Independents, Conservatives and Liberals.

“The Coalition for a Prosperous America (CPA) is working for a new and positive U.S. trade policy that delivers prosperity and security to America, its citizens, farms, factories and working people. We are an unrivaled coalition of manufacturing, agricultural, worker, consumer and citizen interests working together to rebuild an America for ourselves, our children and our grandchildren. We believe America can provide good jobs for workers, affordable goods for consumers, opportunity for farms and manufacturers and a clean environment without compromising our national sovereignty and security.”

The CPA website lists its biggest wins as:

- Defeating the TPP
- Developing and advancing a comprehensive strategy for America to win the international trade and jobs competition
- Growing their support network to cover 428 of the 435 congressional districts
- Educating hundreds of local business, labor, and community leaders in trade and manufacturing summits
- Passed legislation in both houses against foreign currency manipulation in 2010, 2011, and 2015
- Helped cause a 600% increase in House Republicans voting against current trade policy between 2011 and 2015
- Laid groundwork for smart trade reform to be the issue of the 2016 Presidential campaign
- Testified before ITC regarding the TPP
- Ongoing economic study to generate information on trade and jobs
- Helped foster an online trade revolution through social networking sites

[APG]



## TALKING POINTS

### Objectives

- Discuss your vision for the Administration's trade agenda broadly and invite company executives to provide their views on the key trade challenges they confront.
- Discuss the key features of Section 301 investigation and NAFTA renegotiations.

### Section 301 Investigation

- The President has made clear that we need to restore balance to the U.S.-China trade relationship, and that means we need to reduce our very large bilateral trade deficit with China and confront China's technology transfer practices and intellectual property practices that threaten American innovation in critical sectors like yours.
- China's industrial policies -- ranging from Made in China 2025 to the semiconductor investment fund and cybersecurity policies -- are a serious concern for the Administration.
- The initiation of a Section 301 gives USTR broad authority to investigate and respond to China's unfair trade practices.
- The purpose of the investigation is to build as full and as complete a record as possible. Urge the industry to provide detailed and current information and examples of any unfair practices of the Chinese government in the semiconductor space.

[APG]

- Written comments are due September 28; the hearing is on October 10; and post-hearing comments are due October 20. The Notice also explain the procedures in place to address confidentiality concerns.
- The statute provides for a range of possible responsive actions to meet the goal of eliminating or otherwise resolving the unfair practices, including the imposition of duties or other restrictions on goods or services and binding agreements that commit the foreign county to eliminate the practice or provide compensatory trade benefits.
- Another possible outcome of the investigation may be the identification of grounds for a WTO case.
- Given the critical nature of the matters raised in the investigation, the Administration may act expeditiously. Section 301 requires determinations to be made no later than one year from the date of initiation (August 18, 2018).

*If Raised:* (b) (5)

[REDACTED]

[REDACTED]

[REDACTED]

## NAFTA 2.0

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.

[APG]

- NAFTA needs to be modernized to reflect 21<sup>st</sup> century standards and priorities, including to accommodate the expansive growth of the digital economy.
- Focus is on expanding opportunities for American agriculture, services, and innovative industries, like yours. The United States has tabled text for over two dozen chapters.
- Modernizing NAFTA in key areas is part of the broader effort to create a new agreement that will support robust economic growth in North America for decades to come.
- However, must also address the needs of those harmed by the current NAFTA, especially our manufacturing workers. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans. We must have a trade agreement that benefits all Americans, and not just some at the expense of others.
- These negotiations are a priority for President Trump, and work continues at a record pace. We just completed the 2<sup>nd</sup> round of negotiations, with the third round commencing next week (September 23) in Ottawa, Canada. We will return to the United States for Round 4 in mid-October.
- Interested in hearing your industry's priorities for the negotiations.

## **KORUS**

- The President has strong concerns with this agreement.
- Recognize that some stakeholders have found it beneficial. However, a near tripling of the overall U.S. deficit and a more than

[APG]

doubling of the U.S. goods deficit are clear indications that something needs to change.

- We are still engaged with Korea to see whether they are prepared to engage to fully resolve a number of chronic implementation concerns as well as make other changes that are necessary to address the overall imbalance in our trade.

[APG]



## MEETING: STEPHEN J. UBL, PRESIDENT AND CEO OF PHRMA

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** ACTING AUSTR ELIZABETH KENDALL  
**DATE:** SEPTEMBER 19, 2017

### EXECUTIVE SUMMARY

You are meeting with Steve Ubl, the President and CEO of the Pharmaceutical Research and Manufacturers of America (PhRMA). (b) (5)

### DETAILS

**Date** September 21, 2017  
**Time** 9:30 AM  
**Location** Winder 203  
**Logistics** N/A

### ATTENDEES

USTR	PhRMA
Ambassador Lighthizer	Stephen J. Ubl, President and CEO
Elizabeth Kendall, Acting AUSTR for IIP	Brian Toohey, SVP, International Advocacy
John Melle, AUSTR for Western Hemisphere	Jay Taylor, VP, International

### BACKGROUND / AREAS OF INTEREST

- **ABOUT PHRMA:** PhRMA represents the country's leading innovative biopharmaceutical research companies. According to PhRMA, America's biopharmaceutical companies invest about \$75 billion annually in research and development in the U.S. and support 4.7 million jobs across the country. The U.S. biopharmaceutical industry is the world leader in medical research – producing more than half the world's new molecules in the last decade. PhRMA is a vocal and influential voice in Congress on trade policy issues.

○ (b) (5)

• (b) (5)

support, including patent term adjustment for unreasonable marketing delays and

Drafted by: D. Lee  
Cleared by: C. Harrington, J. Whitlock, D. Boling, M. Smith  
OGC approval: J. McDowell  
FO approval: P. Griffin; C.Cobaugh

(b)(1),(b)(5)

- **USTR ENGAGEMENT ON PHARMACEUTICAL-RELATED ISSUES AROUND THE WORLD IS CONSISTENTLY STRONG AND ACTIVE, CONSISTENT WITH U.S. TRADE POLICY.**

Addressing pharmaceutical sector issues continues to be a priority for USTR engagement with foreign countries, and USTR does a substantial amount of work engaging bilaterally with countries when IP policies diverge from trade commitments and international best practices on protecting pharmaceutical-related intellectual property rights. Examples include recent work on the term of data protection in China, localization requirements in Indonesia, patent reporting requirements in India, and pricing and reimbursement issues in Korea. (b) (5)

(b) (5)

[APG]

- (b) (5)

## BIOGRAPHICAL INFORMATION



**Steve Ubl**  
*President and  
CEO*  
PhRMA

- Ubl is recognized around the world as a leading health care advocate and policy expert who collaborates successfully with diverse stakeholder groups – including patient and physician groups, regulators, public and private payers, and global trade organizations – to help ensure timely patient access to innovative treatments and cures. “If anyone can find areas of agreement with the critics, or at least work productively with them, it may be Mr. Ubl,” the New York Times’ Robert Pear wrote in February 2016. “He is more conversant with the intricacies of health policy, and more adept at the politics.”
- As president and CEO of medical technology association AdvaMed, Ubl helped facilitate landmark reforms related to the U.S. Food and Drug Administration product review process and Medicare’s coverage and reimbursement of medical technologies. He led the industry’s staunch defense of breakthrough R&D, successfully delaying an innovation-stifling device tax, and, in 2013, was recognized by a leading industry publication as one of 10 people to have a lasting impact on the medical technology industry.
- Prior to AdvaMed, Ubl was vice president of legislation for the Federation of American Hospitals. He began his Washington career on Capitol Hill.

### Attachments:

- PhRMA Comments on Negotiating Objections for NAFTA
- Decision Memo on NAFTA Transparency and Procedural Fairness for Pharmaceutical Products and Medical Devices

[APG]

## TALKING POINTS

- As you have seen from our work to date, including our Special 301 Report, this Administration recognizes the important role the innovative pharmaceutical sector plays in the U.S. economy and in the healthcare system, and therefore the President's trade agenda.
- USTR continues to press foreign governments on these concerns and appreciates the close coordination we have had with your associations and members. We have worked with you on issues of mutual concern in China, Indonesia, Saudi Arabia, and Korea. We have also been very active in keeping intellectual property issues out of inappropriate fora, such as the United Nations and the Hague Convention on the Recognition and Enforcement of Foreign Judgments.

### *Foreign Pricing and Reimbursement Systems, including Price Controls*

- We are always pressing for enhanced transparency and due process in healthcare systems – that is, making sure that other countries have fair rules.
- In addition, to the extent that foreign governments are operating healthcare systems that control reimbursement and pricing, we believe it is important that either they determine prices through competitive markets or that they appropriately recognize the value of innovative medicines.

- (b) (5)

[APG]



## NAFTA

- We are seeking a robust provisions in NAFTA in intellectual property, transparency and procedural fairness, good regulatory practices, and other chapters. We have listened to your concerns, and taken into account your input through the formal NAFTA process. You can expect the U.S. to advocate strong standards for data protection for biologic medicines, for example.
- We are pushing for strong protections that are important to incentivizing innovation, including by U.S. pharmaceutical companies, including strong patent protection, protection for undisclosed test and other data, and tools to prevent counterfeit pharmaceuticals from damaging the legitimate market and endangering consumers.
  - (b) (5) [REDACTED]
  - (b) (5) [REDACTED]
- However, we look forward to working with you to raise these issues bilaterally. You know that we are strongly engaged in making sure our trading partners do more to protect intellectual property rights, and innovation.

[APG]

## *Japan*

- As noted earlier, we are always pressing for enhanced transparency and due process in healthcare systems – including with the Japanese Government, such as with the Health Ministry and the Council on Economic and Fiscal Policy.

- [IF RAISED – (b) (5)]
- 

###

[APG]

## MEETING WITH GOOGLE REPRESENTATIVES

**TO:** STEPHEN VAUGHN  
**FROM:** ELIZABETH KENDALL, AUSTR for IIP  
DANIEL BAHAR, AUSTR for Services and Investment  
**DATE:** SEPTEMBER 21, 2017

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### EXECUTIVE SUMMARY

(b) (5)

[REDACTED]

### DETAILS

**Date** Friday, September 22 2017  
**Time** 09:30 AM  
**Location** USTR  
**Logistics** Amy will meet at the front and bring to your office.

### ATTENDEES

#### USTR

Stephen Vaughn  
Stewart Young, DAUSTR IAPE  
Daniel Bahar, AUSTR Services  
Payne Griffin, Deputy Chief

#### Google

Kent Walker – General Counsel and SVP  
Susan Molinari - VP, Public Policy  
David Weller – Head of Global Trade Policy  
Nicholas Bramble – Deputy Global Trade

### BACKGROUND / AREAS OF INTEREST

#### BACKGROUND

(b) (5)

[REDACTED]

(b) (5)

[REDACTED]

(b)(1),(b)(5)

[REDACTED]

(b)(1),(b)(5)

## TALKING POINTS

- We are well aware of the interest in and importance of digital trade issues. We are seeking to use our trade agreements to further U.S. interests in this area.
- We had a good discussion back in April on Google's priorities and we take your industry's input very seriously.
- Key priorities Google and other tech companies have articulated are well addressed in the Digital Trade chapter, including the inclusion of a Section 230 based provision on non-IP intermediary liability, (b) (5)  
  - We are confident that this will be a state-of the art chapter, improving upon TPP, that will be very beneficial to you and your industry.
- NAFTA will be a strong trade agreement between the United States, Mexico and Canada to address the trade issues that our industries face in Canada and Mexico. We are not trying to articulate the Administration's position on every issue in domestic law and policy on IP and the Internet. \*\*



- We are happy to hear your views again including if there have been any developments or updates.
  - In particular, we are interested in understanding the rationale for Google's views as they relate to the Mexican and Canadian markets.

#### IF RAISED

- (b)(1), (b)(5)  
[REDACTED]
  - (b) (5)  
[REDACTED]
- [REDACTED]

## MEETING: GOV. RICK SCOTT LATIN AMERICA SUMMIT

**TO:** USTR ROBERT E. LIGHTHIZER  
**FROM:** STEWART YOUNG, DAUSTR FOR INTERGOVERNMENTAL  
AFFAIRS AND PUBLIC ENGAGEMENT  
**DATE:** SEPTEMBER 27, 2017

### EXECUTIVE SUMMARY

You have agreed to speak at the Latin American Summit for a one on one session with Governor Rick Scott (R-FL). Gov. Scott would like you to discuss the dynamic trade ongoing between the U.S., Florida, and Latin America. The focus of the panel will be to demonstrate how Florida depends on trade with Latin America and where Florida may provide valuable context and experiences to the various conversations and negotiations about trade with Latin American governments.

Bios and schedule are attached.

### DETAILS

**Date** Monday, October 2, 2017  
**Time** 2:00pm – 2:30pm  
**Location:** InterContinental Hotel Miami  
**Logistics:** 100 Chopin Plaza  
Miami, Florida 33131  
(305) 577-1000  
You will arrive the day before the event, and drive over to Miami for the event.  
Immediately following you will head to the airport to return to DC.

### ATTENDEES

<b>USTR:</b>	<b>Latin America Summit:</b>
Ambassador Lighthizer	-Gov. Rick Scott (R- Florida)
Stewart Young, DAUSTR for IAPE	

### BACKGROUND

You committed to a one on one session at Gov. Scott's upcoming Latin America Summit on October 2, 2017. There will likely be several other cabinet members in attendance, including SBA Administrator McMahon, and Acting DHS Secretary Elaine Duke. The Governor's office described the need for the summit in the following way:

"Many Florida families trace their roots to Latin America and we are incredibly proud of the history, culture and tradition that Florida's vibrant Latin American community contributes to Florida. As unrest and oppression continue in Cuba and Venezuela, the Governor's office has heard from Floridians who are expressing the need for change in Cuba and Venezuela, demanding democracy and freedom across Latin America.

In recent months, we have seen Venezuela slip into complete chaos under the brutal and oppressive dictatorship of Nicolas Maduro. We have seen food and medicine shortages, violence on the streets and economic uncertainty. Sadly, we have seen this before. What's happening in Venezuela is an echo of the brutal oppression that continues to cripple the lives of millions of Cubans.

Drafted by: S. Young (IAPE)

Cleared by:

OGC approval:

FO approval:

We know that peace and prosperity go hand in hand and nations who embrace human rights and democracy thrive in our global economy. Florida leads all states for total trade, exports, and imports with Latin America and the Caribbean, but we must further improve upon our relationship with our partners in Latin America to help grow opportunities for Floridians and Latin Americans alike. That is why I am honored to host the Latin American Summit on October 2, 2017 in Miami to discuss the important relationship Florida shares with the region.”

I am confident that through our Latin American Summit, we can improve current partnerships and build new relationships that will better serve the interests of our families, generate economic prosperity and enhance democracy and human rights throughout Latin America. I look forward to seeing you in Miami on October 2.”

**Summit Goals include:**

Latin American leaders and business leaders walk away with...

1. Trade between the U.S. and Latin America is essential for the prosperity of the region and, in particular, for Florida.
2. U.S. trade agreements with Latin American countries have positive economic impacts on Florida but may require some level of modernization to address segments of the Florida economy that have been negatively impacted by certain trade practices.
3. The importance trade has on supporting democratic values in Latin America and how trade can influence positive change within countries whose governments do not support those values.

**Likely Questions:**

1. What is the role of the U.S. Trade Representative’s office and what have been some of the highlights of your experiences you have found so far in the administration?
2. Question regarding trade and Haiti and how Florida may have a role in addressing Haiti’s long-term economic crisis.
3. How can trade with Latin America influence democratic values where they currently are in place or to influence positive change where oppression exists, such as Venezuela?

[APG]

## TALKING POINTS

### Objectives

- Discuss your vision for the Administration's trade agenda broadly and invite Latin American leaders and company executives to provide their views on the key trade challenges they confront.
- Discuss the key features of Section 301 investigation and NAFTA renegotiations.

### Section 301 Investigation

- The President has made clear that we need to restore balance to the U.S.-China trade relationship, and that means we need to reduce our very large bilateral trade deficit with China and confront China's technology transfer practices and intellectual property practices that threaten American innovation in critical sectors like yours.
- China's industrial policies -- ranging from Made in China 2025 to the semiconductor investment fund and cybersecurity policies -- are a serious concern for the Administration.
- The initiation of a Section 301 gives USTR broad authority to investigate and respond to China's unfair trade practices.
- The purpose of the investigation is to build as full and as complete a record as possible. Urge the industry to provide detailed and current information and examples of any unfair practices of the Chinese government in the semiconductor space.

[APG]



- The hearing is on October 10; and post-hearing comments are due October 20. The Notice also explain the procedures in place to address confidentiality concerns.
- The statute provides for a range of possible responsive actions to meet the goal of eliminating or otherwise resolving the unfair practices, including the imposition of duties or other restrictions on goods or services and binding agreements that commit the foreign county to eliminate the practice or provide compensatory trade benefits.
- Another possible outcome of the investigation may be the identification of grounds for a WTO case.
- Given the critical nature of the matters raised in the investigation, the Administration may act expeditiously. Section 301 requires determinations to be made no later than one year from the date of initiation (August 18, 2018).

*If Raised:* (b) (5)

[REDACTED]

[REDACTED]

[REDACTED]

## NAFTA 2.0

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.

[APG]

- NAFTA needs to be modernized to reflect 21<sup>st</sup> century standards and priorities, including to accommodate the expansive growth of the digital economy.
- Focus is on expanding opportunities for American agriculture, services, and innovative industries, like yours. The United States has tabled text for over two dozen chapters.
- Modernizing NAFTA in key areas is part of the broader effort to create a new agreement that will support robust economic growth in North America for decades to come.
- However, must also address the needs of those harmed by the current NAFTA, especially our manufacturing workers. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans. We must have a trade agreement that benefits all Americans, and not just some at the expense of others.
- These negotiations are a priority for President Trump, and work continues at a record pace. We just completed the 3<sup>rd</sup> round of negotiations, with the fourth round commencing October 11<sup>th</sup> in Washington, D.C.
- Interested in hearing your industry's priorities for the negotiations.

[APG]

## Sunset

- The press has reported that USTR is currently negotiating a proposal which provides the President the opportunity to sunset the NAFTA every 5 years unless the United States decides to continue the agreement.
- This proposal would simply require the President of the United States to notify the NAFTA parties that the U.S. intends to continue the agreement. No action by the Congress is necessary.
- Should the President decide to terminate the agreement at that point, the normal 180-day withdraw process would begin, as it operates in the current NAFTA.
- The NAFTA sunset proposal ensures a continued voice for the American people in this agreement. Every 5 years, the President will have an opportunity to review the agreement and determine if it is still serving the interest of the American people.
- The sunset provision will facilitate continued interest and study in the performance of the agreement. Today, politicians can just forget about NAFTA. But a 5 year sunset will force Washington to frequently review its performance.
- The risk of sun-setting the agreement will also ensure that our NAFTA partners, who want to maintain access to the U.S. market, will treat U.S. exporters fairly. By facilitating regular periodic review of the NAFTA, this provision will incentivize our trading partners to keep their markets open and transparent.

## ISDS

- Investor State Dispute Settlement, as currently structured, empowers corporations to sue governments before an international tribunal to demand compensation if the tribunal determines that a country is not living up to its obligations.
- For more than a decade, many have complained that this system could be used to force the Congress to change laws in an undemocratic manner.
  - Example: In June 2015, the World Trade Organization (WTO) ruled that American laws requiring meat to be labeled with its country of origin (COOL) violated U.S. obligations. The WTO fined the U.S. by allowing Canada and Mexico to impose tariffs of more than \$1 billion on U.S. goods<sup>1</sup>. Congress had a choice; either repeal a law supported by 90% of Americans<sup>2</sup>, or face international penalties which would hurt both American farmers and consumers.
- ISDS courts act as a supranational regulatory body. They are not bound by American law or our Constitution.
- USTR is currently developing a proposal to allow U.S. companies to receive the protection of U.S. laws for their investments overseas while not subjecting the American people to the rulings of an unelected tribunal.

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<sup>1</sup> CRS Report RS22955

<sup>2</sup> <http://www.consumerfed.org/pdfs/CFA-COOL-poll-press-release-May-2013.pdf>

- This proposal is compliant with the objectives outlined in Trade Promotional Authority which stipulates that USTR should endeavor to allow foreign companies to access protections similar to U.S. law.
- Not all of our FTA's have ISDS. It was not included in the U.S.- Australia FTA.



## BP03: NAFTA Renegotiations


### TALKING POINTS

- Renegotiating NAFTA to provide fair and balanced trade is my top trade priority with Canada. We are committed to doing this at an accelerated pace.
- I understand Canada hosted a successful re-negotiating round last month where progress was made and that our teams are beginning the fourth round of negotiations today outside Washington.
- Canada and the United States should be strong allies in negotiating new automotive and labor rules that raise wages in Mexico and rebalance trade in the auto sector. We need to move quickly on these and other issues to truly achieve a good outcome for U.S. and Canadian workers.

### Summary

We have held three negotiating rounds on NAFTA since August 16. The Fourth Round of NAFTA Renegotiation talks begin October 11 in Arlington, Virginia. This is a very aggressive timeline and has involved U.S. text proposals, including strong proposals on automobile rules of origin, increasing U.S. sovereignty in trade disputes, and providing for termination of the agreement if it does not achieve positive outcomes for America.


(b)(1) &(b)(5)

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### Background

Canada and the United States have had problematic trade agreements in place for decades, including a 1965 auto agreement, a bilateral agreement beginning in 1989, and NAFTA with Mexico since 1994. Canada is the United States' largest export market and second largest source of imports. Canada is highly dependent on its trade with the United States; the United States buys 76% of its exports and provides 52% of Canada's imports. In 2016, the United States had a goods deficit of \$11 billion with Canada and a \$24 billion surplus in services. The United States has a \$13 billion surplus in combined goods and services trade. Canada recently concluded a free trade agreement with the EU, the Comprehensive Economic and Trade Agreement (CETA), which contains certain provisions that are not favorable to the United States.

(b)(1) &(b)(5)

A large rectangular area of text has been completely redacted with black ink.

(b)(1) &(b)(5)

Canada should be a natural ally on wages and autos. In fact, union workers at a GM plant in Canada went on strike September 17 to protest the movement of production to Mexico. (b)(1) &(b)(5)

## Performance Review

- The press has reported that USTR is currently negotiating a proposal to end NAFTA after five years unless the President agrees to stay within it. Every 5 years thereafter, a party's head of government would have an opportunity to exit the agreement if it is not benefiting a country's workers, farmers, ranchers, and businesses.
- This proposal would have the effect of withdrawing each country from NAFTA unless the head of government notifies the NAFTA parties that the country intends to remain in the agreement. In the United States, no action by the Congress would be necessary.
- The provision increases U.S. sovereignty and flexibility so that America will not be irrevocably bound to a deal as economic circumstances change over time. If a renegotiated NAFTA is truly beneficial, then the President can continue it by simply deciding to stay in.
- The provision will ensure continued interest and study in the performance of the agreement. Today, politicians can just forget about NAFTA and are not politically accountable for its performance. But a recurring 5-year opportunity to exit NAFTA will force leaders to frequently take a hard look at the agreement. It will create a bigger role for U.S. lawmakers and citizens and will result in better, stronger agreements.
- Periodically reconsidering the agreement will also encourage NAFTA partners, who want to maintain access to each other's markets, to achieve balanced trade and spread out the benefits of the agreement. By facilitating regular periodic opportunities to exit NAFTA, this provision will incentivize the NAFTA countries to keep their markets open and transparent and to make sure the agreement is truly beneficial to workers.
- This is business. Every businessperson periodically reviews contracts and agreements, and even reorganizes corporate structure and other fundamentals of a company. It is not reasonable to sign a document dealing with economic and business relations between countries and have a commitment to stay in it at all costs, even if aspects of a deal are bad. We



do not want to have to wait another 23 years for a chance to review and reconsider the terms of the agreement – that’s how we ended up with a broken dispute settlement system, unenforceable labor and environment provisions, and total lack of chapters and rules dealing with the modern economy.

- A provision like this is not uncommon in similar contexts. Trade programs in the United States such as the Generalized System of Preference (GSP) and the African Growth and Opportunity Act (AGOA) are time-limited. Even tax cuts often have time limits, and businesses are still able to plan accordingly.

### Rules of Origin

- The end result is still a preferential tariff concession. Goal is to increase NAFTA content for the benefit of the entire region, and to ensure that U.S. domestic content is high to support our workers and economy.
- It makes sense that the U.S. should have a content threshold given that it represents \$19 trillion of the roughly \$21 trillion NAFTA economy and that it is the destination for most of the cars produced in the region.
- (b) (5) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- This is not a new concept. The Canadians insisted on having a Canadian value-added requirement for cars in the 1965 auto pact so they could build up an auto industry where there was not one before.
- Supply chains changed when NAFTA went into effect, and they have changed even over the past few years. They change all the time. They are not monolithic and will adjust to make economic sense.



ISDS

- [illegible]

- Not all of our modern U.S. FTAs have ISDS. For example, it was not included in the U.S.-Australia FTA. Even for those where it does exist, such as the Korea FTA, it has not been used.
- There is a push by the EU and international bodies to further institutionalize international tribunals that opine on sovereign countries' laws and regulations under the guise of investment protection. It is in the United States' interest to maintain as much control as it can over its own investment policies.

#### Dispute Settlement

- (b) (5) [REDACTED]

[REDACTED]

- (b) (5) [REDACTED]

- (b) (5) [REDACTED]

[REDACTED]

(b) (5) [REDACTED]  
[REDACTED]

■ [REDACTED]  
[REDACTED]

• (b) (5) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

# Talking Points & Background for Laura Ingraham TV Show

## Tax Reform [points from the White House]

*Make It Simple, Make it Fair*

- We will cut taxes for hardworking middle-class families, and will not shift the tax burden from higher-income households to lower-or middle-income households.
  - We will create a larger zero tax bracket by roughly doubling the Standard Deduction. The first \$12,000 of income for individuals and \$24,000 for couples will be tax-free.
  - Seven tax brackets of taxable income will be consolidated into three – 12%, 25%, and 35%.
  - We will significantly increase and expand the Child Tax Credit.
    - We believe the most important investment our country can make is in our children.
  - We will repeal the Death Tax that has hurt so many family farms and ranches.
  - The Committees will work to add additional middle-income tax relief.
- We will end special interest tax breaks that primarily help the wealthy.
  - We will repeal personal exemptions, most itemized deductions, and other special interest tax breaks, but retain incentives for home mortgage interest, charitable giving, retirement, education, and work.
- The overwhelming majority of Americans will be able to file their tax return on a single page without having to keep receipts or track endless paperwork.
- We are giving hardworking Americans their time and money back – they deserve it.

*Win Again*

- We will cut taxes on American businesses to restore our competitive edge and create more jobs and higher wages for American workers.
  - We will slash the rate for C-corporations from 35% to no higher than 20%.
  - We will cap the top tax rate for small businesses (pass-throughs) at 25%.
- Businesses will be able to deduct 100% of the money they spend on capital investments for at least the next five years.
  - This will empower manufacturers to buy the heavy machinery they need to grow and thrive in America.
- We will get rid of special interest tax breaks for big companies, but retain incentives for research and development and low-income housing.
- We will give our workers the level playing field they deserve – and they will win, because if the fight is fair, no one on earth can beat the American worker.

[APG]



### *Bring It Home*

- The current system punishes companies for doing business in America and encourages them to move to other countries – it is time to bring them home.
  - This “Offshoring Model” has been disastrous for American workers and families.
  - Our “American Model” will reduce the burdens on American companies and encourage them to do business in our country.
- We will stop penalizing companies that bring wealth they have earned overseas back to America.
  - By moving to a “Territorial System,” companies will no longer have to pay additional taxes when they bring profits back home.
  - Foreign profits already accumulated offshore will be subject to a low, one-time tax. The money will come flowing back to America.

### **ASIA Trip [points from the White House]**

- The President’s travel to Asia will underscore his commitment to longstanding U.S. alliances and partnerships, and to reaffirm U.S. leadership in promoting a free and open Indo-Pacific region.
- The President is going to make his first official trip to Asia from Nov. 3 – Nov. 14 with stops in Japan, the Republic of Korea, China, Vietnam, and the Philippines.
  - During his stops in Vietnam and the Philippines, the President will participate in the Asia Pacific Economic Cooperation Summit and the U.S. ASEAN Summit.
  - There will be two state visits: One to China, the other to the Republic of Korea.

### *Key Visits:*

- **China:** The visit will send a clear message that for bilateral economic relations to be sustainable over the long term, China must provide fair and reciprocal treatment to U.S. firms and cease predatory trade and investment practices.
  - (b) (5) [REDACTED]
- **APEC:** The Presidents engagements at APEC will reinforce the U.S. commitment to an equitable, sustainable, and rules-based international economic system based on market principles.

[APG]

- **ASEAN:** The President's participation in ASEAN events will advance U.S. leadership in promoting Indo-Pacific trade and security architecture, and it's based on freedom and openness and adherence to the rule of law.

## **KORUS**

- As directed by the President and with authority provided under the current U.S.-Korea Free Trade Agreement, USTR is working to resolve issues through the Joint Committee process under the Agreement. Two Joint Committee Meetings have taken place: August 22 and October 4.
- Through negotiations to improve trade, the Trump Administration is seeking a fair deal to reduce the trade deficit and give Americans a better chance to succeed in global markets.
- Korea is an important ally and key trading partner, and in order to strengthen our relationship, we need free, fair, and balanced trade. We want to ensure that the KORUS Agreement benefits the U.S. economy as much as it does the Korean economy.
- The Trump Administration looks to address a range of issues in our bilateral agreements, including market access barriers and an unsustainable trade deficit.
- Since KORUS went into effect in 2012, the U.S. trade deficit in goods with Korea has doubled from \$13.2 billion to \$27.6 billion (2016), while U.S. goods exports have actually gone down, from \$43.5 billion to \$42.3 billion (2016).
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers, and families.

## **General NAFTA Points**

### ***Topline***

- President Trump continues to fulfill his promise to renegotiate NAFTA for an agreement that is fair to American workers and businesses.
- In August 2017, USTR began renegotiating NAFTA to create more balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.

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### ***Current State Of Play***

- The fourth round of NAFTA negotiations took place October 11- 17 in Arlington, VA. Mexico will host the fifth round of talks in Mexico City from November 17-21, 2017. Additional negotiating rounds will be scheduled through the first quarter of 2018.
- The Trump Administration remains committed to moving expeditiously toward a deal for more fair, reciprocal trade.
- The United States has put forward substantially all of our initial text proposals, including new text in 27 chapters of NAFTA.
- The United States' large volume of proposals includes the following goals:
  - Update NAFTA, including incorporating chapters on labor, the environment, and the digital economy.
  - Expand opportunity under NAFTA, including for American agriculture, services, and innovative industries.
  - Substantially change where NAFTA has not worked for Americans, especially in the manufacturing sector.
- Progress in the negotiations includes completing chapters on Small- and Medium-sized Enterprises and Competition policy.
- While significant progress is being made in many areas, much work remains. NAFTA ministers have called upon all negotiators to explore creative ways to bridge significant conceptual gaps among the countries.
- The United States continues to seek solutions for reducing the trade deficit and substantially changing NAFTA into an agreement that is fair for all Americans.
- Throughout these negotiations, the United States seeks an agreement leading to freer markets, fairer trade, and robust economic growth in North America.

### ***Further General Points:***

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.

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- Some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access. Meanwhile, other Americans have been hurt by closed factories, exported jobs and work skills, and broken political promises.
- Under NAFTA, American manufacturing has taken a particularly hard hit. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans.
- The United States has two primary objectives in these talks: renegotiate and modernize NAFTA.
  - Renegotiate: a comprehensive review to substantially change agreement, rebalancing it to address the United States' trade deficit and manufacturing losses.
  - Modernize: update the 23-year-old agreement to reflect 21<sup>st</sup> century standards, including for digital trade, intellectual property, financial services and more.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and service providers.
- This is the first time that a modern U.S. free trade agreement has been renegotiated, despite years of promises by politicians to fix NAFTA.

## **Issue Specific NAFTA Points**

### ***Performance Review***

- The United States has proposed a NAFTA performance review provision requiring each country to decide every five years whether to stay in the Agreement.
- At the end of every five-year period, each country will notify the other countries of their intent to remain in the agreement. Should they decide not to send the notification, the 180-day withdrawal process will automatically begin, as it functions today.
- Under the status quo, politicians can forget about NAFTA and are not politically accountable for its performance. A recurring five-year opportunity to review the performance of NAFTA will force leaders to frequently take a hard look at the agreement.

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- Facilitating regular periodic opportunities to review our membership in NAFTA will incentivize the three NAFTA countries to comply with the provisions of the trade agreement and achieve trade outcomes the benefit each country.

### *ISDS*

- Since 1994, U.S. FDI globally has risen from \$613 billion to \$5,332 billion, while FDI stock in Mexico has grown from \$16 billion to \$87.6 billion.
- The Mexican share of U.S. FDI has dropped from about 2.8 percent to 1.6 percent.
- The United States is proposing a new approach to Investor-State Dispute Settlement (ISDS) to ensure that we safeguard our sovereignty.
- The United States has proposed to allow each NAFTA country to decide whether to opt in to ISDS, based on the needs and interests of each country.
- (b) (5) [REDACTED]
- In addition, broad investment protections for U.S. companies under a modern set of rules will be enforceable by the U.S. government under proposed state-to-state dispute settlement procedures.

### *Rules of Origin*

- From the beginning, we have set out to renegotiate NAFTA to create more balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.
- Under the U.S. proposal on rules of origin for autos, our goal is to increase the NAFTA content to benefit the entire region and include a U.S. domestic content requirement to support our workers.
- The United States should have a content threshold as the country comprising \$19 trillion of the roughly \$21 trillion NAFTA economy and the destination for most of the cars produced in the region.

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### *NAFTA Withdrawal*

- The current agreement has not been a good deal for American workers and families. Since Day 1, the President has been very clear that he will renegotiate NAFTA or withdraw from the agreement if the United States cannot get an agreement that rebalances our trade relationship.
- We are in the process of renegotiation, so our full focus is on working to get a good agreement.

### *Agriculture*

- Agriculture has generally done well in NAFTA. Many American farmers and ranchers have obtained much-needed market access.
- But there is more work to be done. The U.S. has tabled proposals to open the NAFTA market even more so that agriculture from all three countries can trade freely. USTR is taking the objectives and interests of U.S. farmers and ranchers very seriously.
- Our goal in the NAFTA renegotiation is to expand opportunities under the agreement, including for American agriculture. This includes dairy market access in Canada.

### *Labor*

- One of President Trump's principal objectives is to rebalance the NAFTA in order to benefit American workers. The United States has put forward a detailed proposal that replaces the original NAFTA's toothless approach on labor with enforceable provisions to benefit workers across America.
- The United States' advocacy for workers includes seeking commitments from Mexico and Canada to respect core labor principles.
- Throughout NAFTA, the United States is dedicated to seeking major provisions benefiting labor, including unprecedented provisions to support U.S. jobs.

### *Reducing the Trade Deficit*

- President Trump and his administration are focused on finding ways to reduce the United States' large trade deficit. This includes identifying artificial incentives that encourage investment overseas that are not market-based. The United States is seeking more balanced, market-based trade.

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- Free trade agreements are based on a bilateral relationship in which one country provides another with preferential treatment, in return for approximately the same treatment. We believe it is reasonable to ask whether we are getting from our trading partners about what we are giving to them.
- The United States is seeking to rebalance trade in NAFTA, particularly with Mexico, where the United States has a large trade deficit, primarily in automobiles. While Mexico has preferential access to more than 40 other countries under its FTAs, 78% of its auto exports go to the United States. [source: Economia/Mexico]
- True rebalancing policies will be reached closer to the end of the negotiation, as the most difficult issues tend to be resolved close to the end.

### *Dispute Settlement*

- (b) (5) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

### **General Economy Points**

- Under President Trump's leadership, we've seen an economic boom with the creation of thousands of jobs and a stock market that continues to climb.

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- According to the Bureau of Economic Analysis, the United States' second quarter GDP saw an increase of 3.1%. Further, growth for the third quarter GDP is estimated at 3%.
- Additionally, our exports of goods and services have increased in 2017 and totaled over \$2.1 trillion for the third quarter.
- While our economy is moving in the right direction, there is more work to be done to encourage economic growth and create jobs for the American people.
- For our part, USTR is committed to negotiating reciprocal trade agreements that lead to freer markets and a fairer trade for American workers, farmers, ranchers and manufacturers.

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# Making NAFTA Work Better

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## Restoring Free Market Principles to Investment

Secure for U.S. investors in the NAFTA countries important rights consistent with U.S. legal principles and practice, while ensuring that NAFTA country investors in the United States are not accorded greater substantive rights than domestic investors.

## Ensuring the Agreement Works for America

Bring accountability through the agreement's operations by ensuring continued interest and study of the agreement; increasing U.S. sovereignty and flexibility so that America will not be irrevocably bound to a deal as economic circumstances change over time.

## Streamlining Customs Procedures

- Provide for automation of import, export and transit processes; reduced import, export, and transit formalities; and enhanced harmonization of customs data requirements.
- Provide for a de minimis shipment value comparable to the U.S. de minimis shipment value of \$800.

## Bringing Labor Principles into the 21<sup>st</sup> Century

- Incorporate internationally-recognized labor principles into the core of the Agreement rather than in a side agreement.
- Require NAFTA countries to adopt and maintain in their laws and practices the internationally recognized core labor principles.

## Expanding American Manufacturing Competitiveness through Rules of Origin:

- Ensure the benefits of NAFTA go to products genuinely made in the United States and North America.
- Guarantee the rules of origin incentivize production in North America, and, specifically, in the United States.

## Broaden Market Opportunities for American Farmers

Expand competitive market opportunities for market access for U.S. agricultural goods in NAFTA countries, including eliminating remaining tariffs on imports of U.S. dairy, poultry, and egg products.

## Increasing Digital Trade

- Establish rules to prevent governments from mandating the disclosure of source code
- Establish rules to ensure that NAFTA countries do not impose measures that restrict cross-border data flows and do not require the use or installation of local computing facilities.

## Improving Intellectual Property Rights

### *Industrial Goods and Services –*

- Provide strong protection and enforcement for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property.
- Provide the means for adequate and effective enforcement of intellectual property rights, including by requiring accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms. Such mechanisms include, but are not limited to, strong protections against counterfeit and pirated goods.

### *Agriculture –*

Prevent the undermining of market access or U.S. products through the improper use of a country's system for protecting or recognizing geographical indications, including such systems that fail to ensure transparency and procedural fairness, or adequately protecting generic terms for common use.

## **NAFTA ROUND FIVE TALKING POINTS**

### **TOPLINE:**

President Trump continues to fulfill his promise to renegotiate NAFTA for an agreement that is fair to American workers and businesses. In August 2017, U.S. Trade Representative Robert Lighthizer began renegotiating NAFTA to create more balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.

### **CURRENT STATE OF PLAY:**

- With four completed rounds, the United States is continuing to make progress in achieving its objectives and renegotiating NAFTA to be an agreement that benefits all Americans.
- Nearly 30 technical groups will meet when negotiations reconvene in Mexico City for the fifth round from November 17-21, 2017.
- The U.S. will look build upon the progress made thus far to modernize the 23-year-old agreement and address the staggering trade deficit that has resulted in thousands of lost manufacturing jobs.
  - Under a new NAFTA, we'll look to modernize the agreement by updating and negotiating areas such as intellectual property, digital trade, financial services and others to ensure the new NAFTA is equipped to operate in the 21<sup>st</sup> century global economy.
  - In addition to modernization, achieving reciprocal and balanced trade with our two trading partners will help to address our massive trade deficit.
  - Trade deficits matter and the United States will use all tools available to reduce them and help create good-paying American jobs in the process.
- We must secure an agreement that is fair to American workers and businesses that provide jobs here at home while also looking for ways to encourage investment here at home.
- The United States will continue to utilize all tools, including the best available text, to rebalance NAFTA and negotiate an agreement that reduces our staggering trade deficit to help encourage investment in the U.S. and create quality good-paying jobs for the American people.

### **NAFTA TOPLINE ISSUE TALKING POINTS**



### Rules of Origin:

- From the beginning, we have set out to renegotiate NAFTA to create more balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.
- Under the U.S. proposal on rules of origin for autos, our goal is to increase the NAFTA content to benefit the entire region and include a U.S. domestic content requirement to support our workers.
- The United States should have a content threshold as the country comprising \$19 trillion of the roughly \$21 trillion NAFTA economy and the destination for most of the cars produced in the region.

### Performance Review:

- The United States has proposed a NAFTA performance review provision requiring each country to decide every 5 years whether to stay in the Agreement.
- At the end of every 5 year period, each country will notify the other countries of their intent to remain in the agreement. Should they decide not to send the notification, the 180-day withdrawal process will automatically begin, as it functions today.
- Under the status quo, politicians can forget about NAFTA and are not politically accountable for its performance. A recurring 5-year opportunity to review the performance of the NAFTA will force leaders to frequently take a hard look at the agreement.
- Facilitating regular periodic opportunities to review our membership in NAFTA will incentivize the three NAFTA countries to comply with the provisions of the trade agreement and achieve trade outcomes the benefit each country.

### ISDS:

- Since 1994, U.S. FDI globally has risen from \$613 billion to \$5,332 billion, while FDI stock in Mexico has grown from \$16 billion to \$87.6 billion.
- The Mexican share of U.S. FDI has dropped from about 2.8 percent to 1.6 percent.
- The United States is proposing a new approach to Investor-State Dispute Settlement (ISDS) to ensure that we safeguard our sovereignty.



- The United States has proposed to allow each NAFTA country to decide whether to opt in to ISDS, based on the needs and interests of each country.
- (b) [REDACTED]  
(5) [REDACTED]
- In addition, broad investment protections for U.S. companies under a modern set of rules will be enforceable by the U.S. government under proposed state-to-state dispute settlement procedures.

#### NAFTA Withdrawal:

- The current agreement has not been a good deal for American workers and families. Since day 1, the President has been very clear that he will renegotiate NAFTA or withdraw from the agreement if he cannot get an agreement that rebalances our trade relationship.
- We are in the process of renegotiation, so our full focus is on working to get a good agreement.

#### Agriculture:

- Agriculture has generally done well in NAFTA. Many American farmers and ranchers have obtained much-needed market access.
- But there is more work to be done. The U.S. has tabled proposals to open the NAFTA market even more so that agriculture from all three countries can trade freely. USTR is taking the objectives and interests of U.S. farmers and ranchers very seriously.
- Our goal in the NAFTA renegotiation is to expand opportunities under the agreement, including for American agriculture. This includes dairy market access in Canada.

#### Labor:

- One of President Trump's principal objectives is to rebalance the NAFTA in order to benefit American workers. The United States has put forward a detailed proposal that replaces the original NAFTA's toothless approach on labor with enforceable provisions to benefit workers across America.

- The United States' advocacy for workers includes seeking commitments from Mexico and Canada to respect core labor principles.
- Throughout NAFTA, the United States is dedicated to seeking major provisions benefiting labor, including unprecedented provisions to support U.S. jobs.

#### Reducing the Trade deficit:

- President Trump and his administration are focused on finding ways to reduce the United States' large trade deficit. This includes identifying artificial incentives that encourage investment overseas that are not market-based. The United States is seeking more balanced, market-based trade.
- Free trade agreements are based on a bilateral relationship in which one country provides another with preferential treatment, in return for approximately the same treatment. We believe it is reasonable to ask whether we are getting from our trading partners about what we are giving to them.
- The United States is seeking to rebalance trade in NAFTA, particularly with Mexico, where the United States has a large trade deficit, primarily in automobiles. While Mexico has preferential access to more than 40 other countries under its FTAs, 78% of its auto exports go to the United States. [source: Economia/Mexico]
- True rebalancing policies will be reached closer to the end of the negotiation, as the most difficult issues tend to be resolved close to the end.

#### Dispute Settlement

- (b) (5) [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- (b) (5) [REDACTED]
- [REDACTED]

#### Mexican Trucking:

- (b) (5) [REDACTED]
- The proposal allows Mexican long haul truckers to gain access to operate in the United States while also creating a new safeguarding mechanism that permits the U.S. to impose limitations if negative conditions arise.
- The proposal prioritizes the interests of both Mexican truckers and the United States in keeping access for Mexican long haul truckers, helping to promote positive conditions and allowing the United States a voice on the issue.

#### Dairy Proposal:

- The U.S. has prioritized American agriculture in NAFTA negotiations and that includes looking for ways to expand export opportunities for U.S. farmers.
- In October 2017, the U.S. requested Canada improve access for dairy, poultry and eggs.
- With this request, the U.S. is seeking to engage Canada on market access negotiations to ensure fair and reciprocal access for American farmers and ranchers.

#### **GENERAL NAFTA TALKING POINTS:**

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.
- Some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access. Meanwhile, other Americans have been hurt by closed factories, exported jobs and work skills, and broken political promises.
- Under NAFTA, American manufacturing have taken a particularly hard hit. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans.



- The United States had two primary objectives in these talks: renegotiate and modernize NAFTA.
  - Renegotiate: a comprehensive review to substantially change agreement, rebalancing it to address the United States' trade deficit and manufacturing losses.
  - Modernize: update the 23-year-old agreement to reflect 21<sup>st</sup> century standards, including for digital trade, intellectual property, financial services and more.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and service providers.
- This is the first time that a modern U.S. free trade agreement has been renegotiated, despite years of promises by politicians to fix NAFTA.

### **Q&As**

**Q: Why is the Administration renegotiating NAFTA and what are its priorities?**

A: NAFTA went into force over 23 years ago, and since that time, the U.S. economy and U.S. businesses have changed considerably. Notably, the U.S. trade deficit has increased dramatically. Some sectors of the economy have gained, but others sectors, such as manufacturing, have been harmed. The President is committed to a fair deal for all Americans by improving market access in Canada and Mexico for U.S. manufacturing, agriculture, and services.

**Q: Will there be separate bilateral agreements with Mexico and Canada, or will the Administration retain the trilateral structure of the NAFTA?**

A: The Administration has begun negotiations using the current trilateral structure of NAFTA - although some elements are being negotiated bilaterally, as in the original NAFTA.

**Q: How will you ensure that trade is not disrupted during the negotiations?**

A: The Administration is committed to maintaining U.S. exports of goods and services and will use the opportunity of renegotiating NAFTA as a way to seek changes that will expand U.S. exports to Mexico and Canada and generate increased opportunities for America's workers, farmers, and ranchers.

**Q: How were the negotiating objectives developed?**



A: USTR developed the objectives in close consultation with Congress, stakeholders, and the American people. Through a Federal Register notice, USTR received over 12,000 public comments and heard from over 140 witnesses during three days of public hearings. All interested parties have had the opportunity to present their views regarding the negotiations.

**Q. During the public hearing on NAFTA negotiating objectives, witnesses from virtually all sectors of the business community supported the NAFTA and urged the Administration to “do no harm” in its negotiations with Canada and Mexico. How do you intend to change the NAFTA, without undermining what many businesses feel is a successful agreement?**

A. The clear consensus of the U.S. business community is that NAFTA needs to be reviewed and updated. It entered into force over 23 years ago and does not address key segments of the modern global economy, especially digital trade. In addition, NAFTA needs to be improved in a number of other important areas, such as intellectual property rights, state-owned enterprises, rules of origin, and customs procedures.

**Q. President Trump has criticized the U.S. trade deficit with Mexico. How will renegotiating the NAFTA affect the deficit?**

A. The Administration is currently reviewing the nature and causes of our trade deficits with a number of countries, including Mexico. Achieving a more balanced trade relationship with Mexico is one key goal as we renegotiate the NAFTA.

**Q. When do you expect to conclude the negotiations?**

A. There is no conclusion date outlined in law or by the negotiating parties. The Administration remains committed to conducting the negotiations as quickly as possible consistent with achieving a better deal for America’s workers, farmers, ranchers, and businesses.

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## **NAFTA TOPLINE TALKING POINTS**

### **TOPLINE:**

President Trump continues to fulfill his promise to renegotiate NAFTA to get a better deal for all Americans. In August, U.S. Trade Representative Robert Lighthizer began renegotiating NAFTA to create more balanced, reciprocal trade that supports more high-paying jobs for Americans and grows the U.S. economy.

### **CURRENT NAFTA NEGOTIATION POINTS:**

- The U.S. Trade Representative is negotiating with Canada and Mexico for a new NAFTA that benefits all Americans.
- The accelerated pace of the negotiating rounds, occurring every 2-3 weeks through the remainder of the year, reflects this Administration's commitment to moving expeditiously toward a deal for more fair, reciprocal trade.
- The United States is leading with a large volume of proposals to renegotiate NAFTA with the following goals:
  - Update NAFTA, including incorporating chapters on labor, the environment, and the digital economy.
  - Expand opportunity under NAFTA, including for American agriculture, services, and innovative industries.
  - Substantially change where NAFTA has not worked for Americans, especially in the manufacturing sector.
- In the ongoing negotiating rounds, important progress is being made as the countries are finding mutual agreement on a number of key issues.
- Ambassador Lighthizer is implementing the President's goals for a more balanced trade agreement that supports America's workers, farmers and ranchers.
- Throughout these negotiations, the United States seeks an Agreement leading to freer markets, fairer trade, and robust economic growth in North America.

### **GENERAL NAFTA TALKING POINTS:**

- Since NAFTA entered into force over 23 years ago, the U.S. economy and global trading relationships have undergone substantial changes. Most significantly, the U.S. now has a large and persistent trade deficit.

- Some Americans have benefited from NAFTA, including American farmers and ranchers who obtained much-needed market access. Meanwhile, other Americans have been hurt by closed factories, exported jobs and work skills, and broken political promises.
- Under NAFTA, American manufacturing have taken a particularly hard hit. When we lose manufacturing facilities to unfair trade, we lose thousands of good-paying jobs, directly impacting Americans.
- NAFTA should be modernized to reflect 21<sup>st</sup> century standards, including an additional chapter to accommodate the expansive growth of the digital economy.
- President Trump is committed to negotiating and implementing trade agreements that benefit all Americans – our workers, farmers, ranchers, manufacturers and service providers.
- This is the first time that a modern U.S. free trade agreement has been renegotiated, despite years of promises by politicians to fix NAFTA.

#### **NAFTA OBJECTIVES TALKING POINTS:**

- On July 17, the Trump Administration released a summary of its objectives for the renegotiation of the North American Free Trade Agreement (NAFTA).
- For the first time, USTR has included deficit reduction as a specific objective for the NAFTA negotiation.
- The objectives released make it clear that the Administration seeks to apply the highest standards covering the broadest possible range of goods and services to ensure free and fair trade among the countries of North America.
- Objectives for NAFTA include, among others:
  - Addressing the United States' persistent trade imbalances in North America and obtaining reciprocal market access
  - Eliminating unfair subsidies, market-distorting practices by state-owned enterprises, and burdensome restrictions on intellectual property
  - Updating provisions throughout the Agreement to support U.S. manufacturing
  - Expanding market access for U.S. agriculture
  - Adding a digital economy chapter



- Incorporating and strengthening labor and environment side agreements
- Calling for the establishment of appropriate mechanisms to combat currency manipulation
- Strengthening trade remedies, including the ability of the United States to enforce rigorously its trade laws
- The objectives reflect months of consultations with bipartisan Congressional committees, and apply the standards that Congress set out in the 2015 Bipartisan Congressional Trade Priorities and Accountability Act.

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